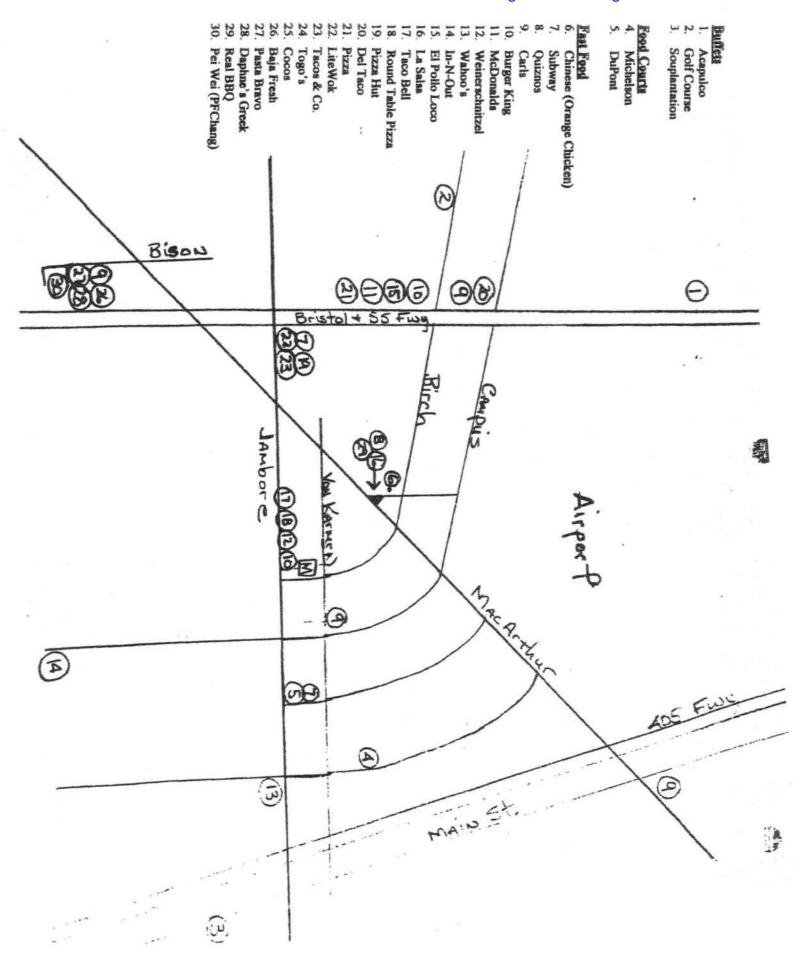
Case: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 1 of 345 PageID #:831

EXHIBIT 26

SEAN BRAZNEY

Case: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 3 of 345 PageID #:833



Keys to Success

Dan Whales | Frank Gunzalez

Effort - What will it take?

1 year of sacrifice to build a large book of clients that trade metals.

Set Goals:

Calls - 200-300 dials per day, reaching 50 people, presenting to 5

Phone time - 3-4 hours of combined talk time per day - (See Cha

Phone time – 3-4 hours of combined talk time per day – (See Chart)

Kits – 5-8 plus kits per day to Qualified Leads

New Accounts – a minimum of 10 per month with 20% Financed

Immediate Goal: 2 Sales to get call-in leads.

To end us intermed Six-month goal: 25 Leveraged Accounts and a book of \$1 million 50 Leveraged Accounts and a book of \$2 million

Be Organized:

Start the day with a plan. What are you going to say?

Have a story to tell on Gold & Silver.

What is your compelling statement? Have two or three!

Be prepared in advance with an outline of an Atlas Presentation. Practice!!

Have a Sales Development Plan, including Books, CD's, & Tapes on:

Sales Skills

Work Hard:

Understanding the Fundamentals of the Gold Market

Personal Development

Add? understanding of Competitive market - (Paper)

Wark Handle

Raise Money!

Be Enthusiastic (be excited about what you are doing!)

Be strong, bold, sincere, and stay consistent!

Have a sense of URGENCY for yourself and your prospects!

Give 100% effort on every presentation you make!

Ask for the order on every call!

Ask for referrals on every call! (Even a prospecting call.)

Revised 1/2012

when I started here
" the market crashed in 08
" I took over training

Case	: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 5 of 345 PageID #:835
_	(was 8am) 9an 9/28 John Shannon- Keys to Success
	Tan Las John Sunton 194 10 Success
This all on	Effort - what will it take? I ye sacrafice
a slide	
	Set Goals -
V	Calls. 40/day - PDS
New Stide for	phone time. 3 hrs I day
combined phone	Kits. per hour
time! Needs to	referrals. Ask on EVERY call!
be done!	New Accounts. 10/mo min.
	immediate goal - 2 sales e least!
	6mo goal - 25 atlas accounts - 4 mo avg! Imil book
	1 year goal - 50 atlas accounts - 4 mo any still. 2ml
	Be Organized -
M	Start the day with a plan. What will you say?
	Have a story to tell.
*******	What is your compelling statement?
-	Do trade takets on 3, 10, 20, 50 bor trades e beginning
	of the day.
	Be prepared with an outline Atlas presentation.
	Have a personal development plan!
	Books, CD's DUD's, videos
	Sales skills
_	trading dynamics : Strategies
`-	economies . Funda mentals
	personal health of happiness! (routine)
: *************************************	

Case	e: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 6 of 345 PageID #:836
(
	Work Hard -
	Rouse money (##)!
21 CONTRACTOR OF THE PARTY OF T	Be enthusiastic! Practice if its not natural for you!
	Stay Consistant!
	Have a sense of urgency personally . For your prospects.
	Give 100°lo on every presentation
	Ask for the sale!
	Ask
1	
7	
<u> </u>	

First Gold coins found in Lydia (western Turkey) around 700BC. Also considered the first "coin's" as money (medium of exchange).

1787 written into The Constitution of the United States – section 8: "The congress shall have power...
to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and
measures".

1792 the dollar was fixed by law at 24.75 grains or .05156 troy oz of gold.

1837 the coinage was reworked and the dollar was revalued and fixed at 25.8 grains 9/10's fine. That gave 20.67 Dollars to One troy oz of gold where the value stayed for 96yrs from 1837-1933.

1933, April 5th - President Roosevelt signed Presidential Executive Order 6102 making it unlawful to own or hold gold coins, gold bullion, or gold certificates.

1934, January 30th - Gold Reserve Act passed Congress in just 5 days. Took all gold help by the fed and transferred title to the US Treasury.

1934, January 31st- the day after the Gold Reserve Act passed, President Roosevelt fixed the value of the dollar at 15.715 grains of gold. Devaluing the dollar from 20.67/oz to 35.00/oz or 69%!

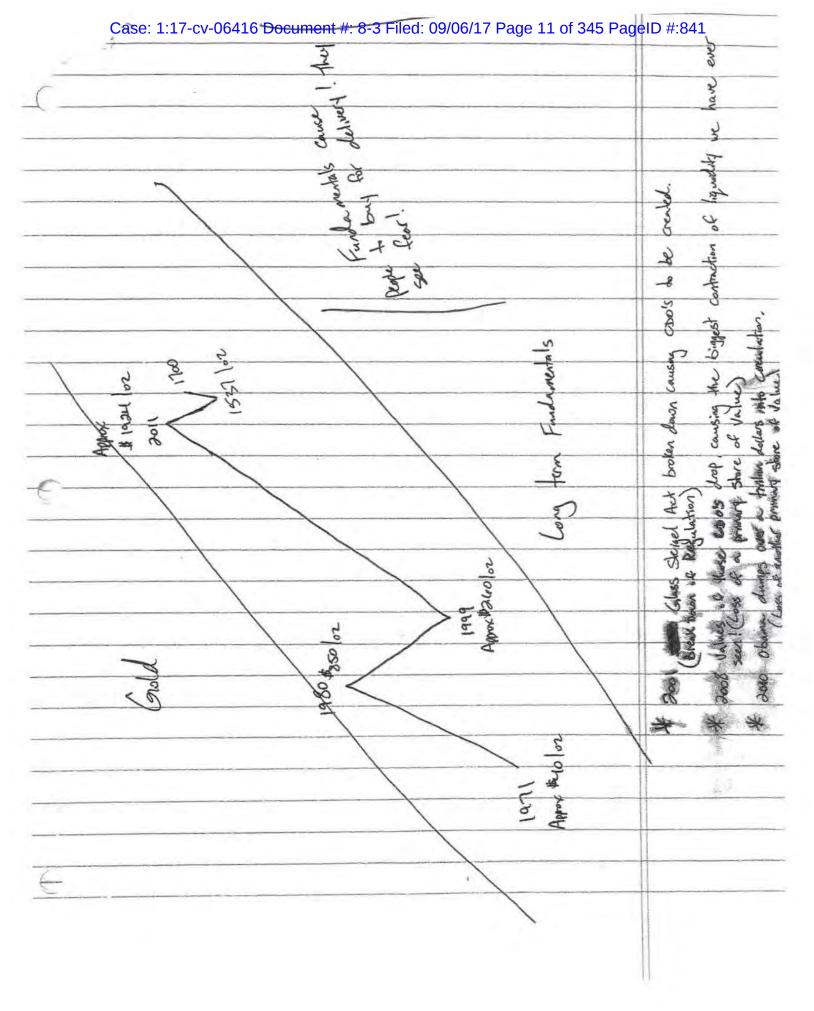
1944 - adopted by Bretton Woods at \$35/oz. Stayed at \$35/oz until...

1971 – President Nixon closes the gold window and in 9 years gold goes from approx \$35/oz to \$850/oz starting the current long term bull market in gold and setting the stage for a fiat currency failure!



Case	e: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 9 of 345 PageID #:839
	100K In 1944 the Bretton Woods System of monetary
(management established the rules for commercial f
1	financial relations among the worlds major industrial
	states. Preparing to rebuild the international economic system
	as wwith was still raging, 730 delegates from all 44
	allied nations gathered e the Mt. Washington Hotel in
	Bretton woods, NH for the united Nations Monetary &
	Financial Conference, The delegates deliberated ! Signed
	the Bretton woods Agreement during the 15th 3 weeks of
	July. By 1945 the planners e Bretton woods established
	the International Monetary Fund (IMF) and the International
	Bank for Reconstruction: Development (IBRD) which today
	15 part of the World Bank Group.
-	
by the us. doll	The thref features of the agreement were an obligation
twes backed by	for each country to adopt a monetary policy that maintained
gold! It had K	the exchange rate by tying its currency to the u.s.
eal value!	Idlar and the ability of the IMF to bridge temporary
	imbalances of payments, layments for the countries exports :
	imports of goods, services, financial capital, I financial transfers.
Fast Forward to	
	August 15, 1971 Nixon took the U.S. of the Gold Standard
	and the u.s. dollar now became a "fint" currency! Meaning
	it was no longer bucked by gold but rather backed by
	who trobbe and the faith or confidence in the good that
	is issuing it. A First currency has value because the good
<u>(</u>	is issuing it. A First currency has value because the gost says it does! And we either believe or have unbelief in ant.
	The laws & regulations of that got and whether we should
	hold their currency as a strehouse of value.

1) Confidence in gov't's around the globe is at an al	1 time
2) Confidence in stock markets and the people running t	Ken is
3) Confidence in Real-Estate values are at an extreme	low and
what else do we know historically about "fint" currency's all fint currency's will devolve to their real intrinsic	? That value!
The Latin term for "frat" means "Let it be done!	Funny No?!
Yuan Dynasty's Yuan banknotes	
(major news events)	0 Y
Keter to Smaller tundamentals and notes for the bottom	of
the chart. Fundamentals are not daily news announcem	ents! Those
news announcements present buying or selling opportunities the long term fundamentals of the market!	within
J	112
	one.
	11-11
	- Land
	Denficience in govitis around the globe is at an allow! Denficience in stock markets and the people running that an extreme low! 3) Confidence in Real-Estate values are at an extreme a longe percentage of the population still feel it will be lose do we know historically about "first" currency's all fast currency's will devolve to their real intrinsical than term for "frat" means "Let it be done! Roman Empire's Denorius. Yuan Dynasty's "Yuan banknotes (mijor news events) Refer to smaller fundamentals and notes for the bottom the chart. Fundamentals are not doily news anomerous news anomerous present buying or selling apportunities the long term fundamentals of the market!



Thursday December 14



MONEY CHANGER

New Items

NAILING DOWN THE LID ON GOLD CONFISCATION'S COFFIN

On January 4, 2005 I received the following release from Chris Powell, Secretary-Treasurer of GATA (Gold Anti-Trust Action Committee, www.gata.org. - FS

In a letter released today in response to an inquiry from GATA, the U.S. Treasury Department declared that it has no statutory authority to confiscate gold.

GATA made the inquiry last fall through the office of U.S. Rep. John B. Larson, Democrat of Connecticut, co-sponsor with U.S. Rep. Ron Paul, Republican of Texas, of legislation to require the Treasury Department to obtain the approval of Congress before intervening in the gold market.

GATA's inquiry was prompted by enduring fears and rumors among gold investors about the legal security of their gold, prompted in part by the U.S. government's attempt in 1933 to confiscate monetary gold by presidential decree.

The Treasury Department's letter was dated December 17, 2004 and was received today by Representative Larson's office. The letter was signed by Roberta K. McInerney, the department's assistant general counsel, and addressed to Michael Kirk, Representative Larson's press secretary. The letter reads as follows:

"Dear Mr. Kirk:

"I am writing in response to your e-mail of November 29, 2004, which forwarded a question from a constituent of Congressman Larson's as to whether the Treasury Department could force the redemption of U.S. gold bullion coins at face value, or the surrender of foreign bullion coins.

"In Public Law 97-258 (Sept. 13, 1982), Congress eliminated a statute (12 USC 248 n) which had allowed the secretary of the Treasury to require individuals and others to deliver to the Treasury gold coins, bullion, and certificates. As a result, this statutory authority no longer exists.

"I hope this information is helpful. Please let us know if you have further questions or need additional information.

MNX-CFTC-00530608

Case 117 D 66416 Document #18 3 Filed 09/06/17 Page 13 of 345 PageID #:843 THE PRESIDENT

issued April 5, 1933

all persons are required to deliver

ON OR BEFORE MAY 1, 1933 all GOLD COIN, GOLD BULLION, AND GOLD CERTIFICATES now owned by them to a Federal Reserve Bank, branch or agency, or to any member bank of the Federal Reserve System.

Executive Order

FORBIDDING THE HOARDING OF GOLD COIN, GOLD BULLION AND GOLD CERTIFICATES.

FORBIDDING THE HOARDING OF GOLD COIN, GOLD BULLION AND GOLD CERTIFICATES.

By virtue of the authority vested in me by Section 3 (b) of the Act of Ontober 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to provide relief in the existing national amergency in banking, and for other purposas" in which amendatory Act Congress deciared that a serious ensergency arists, 7, Franklin D. Roosevelt, Franklen of the United States of America, 60 decirate that and national emergency still continues to exist and pursuant to said section do hereby prohibit the hearding of gold cein, gold buillion, and gold certificates within the continental United States by individual; partnerships, associations and corporations and hereby prescribe the following regulations for earrying out the purposes of this recent the withdrawal and withholding of gold coin, gold buillion or gold certificates from the recognized and customary channels of trade. The term "bearding" means any individual, partnership; association or compension. Section 2. All persons are hereby required to deliver on or below May 1, 1933, to a Federal reserve bank of the Federal Reserve Syster all gold coin, gold buillion and gold criticates now and the process of the section of the recognized of coins, seed the said gold or rapid the section of the reasonable time, including gold prior to refusing and stocks of gold as reasonable amounts for the usual trade requirements of owners making and refusing such gold.

(b) Guld coins and gold certificates in an amount not exceeding in the aggregate \$100.00 belonging to hard or a recognized foreign government of return and gold certificates in an amount not exceeding in the aggregate \$100.00 belonging to any one person, and gold certificates in sea amount not exceeding for the proper transactions for involving hoarding) including gold cert and bullion imported for reapport or held punding action on a propens, and gold coin and bullion and policy including gold coin and bullion imported for reapport o

Section 4. Upon receipt of gold coin, gold buillion or gold certificates delivered to it in accordance with Sections 2 or 1, the Federal reserve bank or member hank will pay therefor an equivalent amount of any other form of coin or currency coined or lessed under the laws of the United States.

Section 5. Member banks shall deliver all gold coin, gold buillion and gold certificates owned or received by them (other than as exampted under the provisions of Section 2 to the Federal reserve twoks of their respective districts and receive credit or payment therefor.

Section 6. The Secretary of the Transury, out of the sum made available to the Fracident by Section 50 to the Act of March 9, 1933, will in all proper cases pay the reasonable costs of transportation of gold cortificates delivered to a member bank or Forieral reserve bank in accordance with Sections 2, 3, or 5 hereof, lactualing the cost of insurance, production of satisfactory evidances of such costs. Yourcher forms for the purpose may be procured from Federal reserve banks.

Section 7. In cases where the delivery gold coin, gold buillion or gold certificates by the owners thereof within which such delivery must be made. Applications for such extending a distinction with a such calculation with the received of the Transury must be made. Applications for such extending the situation in the form of the secretary of the Transury and filed with a Federal reserve bank. Each application must be inade in within the last to which the attention in desired, the amount and location of the gold coin, gold buillion and gold certificates in respect of which such application is must cand the facts showing a stension to be uccessary to avoid extraordinary hardwising or difficulty.

Section 6. The Secretary of the Treasury is berroly authorised and compowered to issue such further regulations as he may deem necessary to carry out the purposes of this order and to issue licensors thereunder, through such officers or adjunct or which made and application is under one th

This order and these regulations may be modified or revoked at any time.

FRANKLIN D ROOSEVELT

For Further Information Consuit Your Local Bank

GOLD CERTIFICATES may be identified by the words "GOLD CERTIFICATE" appearing thereon. The serial number and the Treasury seal on the face of a GOLD CERTIFICATE are printed in YELLOW. Be careful not to confuse GOLD CERTIFICATES with other issues which are redeemable in gold but which are not GOLD CERTIFICATES. Federal Reserve Notes and United States Notes are "redeemable in gold" but are not "GOLD CERTIFICATES" and

are not regulred to be surrendered

Special attention is directed to the exceptions allowed under Section 2 of the Executive Order

CRIMINAL PENALTIES FOR VIOLATION OF EXECUTIVE ORDER \$10,000 fine or 10 years imprisonment, or both, as provided in Section 9 of the order

Secretary of the Treasury.

EXECUTIVE PROFINGENEWS 903 VARIEBY 109/06/17 Page 14 of 345 PageID #:844

FORBIDDING THE HOARDING OF GOLD COIN, GOLD BULLION AND GOLD CERTIFICATES.

By virtue of the authority vested in me by Section 5 (b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", in which amendatory Act Congress declared that a serious emergency exists. I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist and pursuant to said section do hereby prohibit the hoarding of gold coin, gold bullion, and gold certificates within the continental United States by individuals, partnerships, associations and corporations and hereby prescribe the following regulations for carrying out the purposes of this order:

Section 1. For the purposes of this regulation the term "hoarding" means the withdrawal and withholding of gold coin, gold bullion or gold certificates from the recognized and customary channels of trade. The term "person" means any individual, partnership, association or corporation.

Section 2. All persons are hereby required to deliver on or before May 1, 1933, to a Federal reserve bank or branch or agency thereof or to any member bank of the Federal Reserve System all gold coin, gold bullion and gold certificates now owned by them or coming into their ownership on or before April 28, 1933, except the following:

- (a) Such amount of gold as may be required for legitimate and customary use in industry, profession or art within a reasonable time, including gold prior to refining and stocks of gold in reasonable amounts for the usual trade requirements of owners mining and refining such gold.
- (b) Gold coin and gold certificates in an amount not exceeding in the aggregate \$100.00 belonging to any one person; and gold coins having a recognized special value to collectors of rare and unusual coins.
- (c) Gold coin and bullion earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements.
- (d) Gold coin and bullion licensed for other proper transactions (not involving hoarding) including gold coin and bullion imported for re-export or held pending action on application for export licenses.

Section 3. Until otherwise ordered by any person becoming the owner of any gold coin, gold bullion or gold certificates after April 28, 1933, shall, within three days after receipt thereof, deliver same in the manner prescribed in Section 2; unless such gold coin, gold bullion or gold certificates are held in any of the purposes specified in paragraph (a), (b) or (c). Section 2; or unless such gold coin, or gold bullion is held for purposes specified in paragraph (d) or Section 2 and the person holding it is, with respect to such gold coin or bullion, a licensee or applicant for license pending action thereupon.

Section 4. Upon receipt of gold coin, gold bullion or gold certificates delivered to it in accordance with Section 2 or 3, the Federal reserve bank or member bank will pay therefore an equivalent amount of any form of coin or currency coined or issued under the laws of the United States.

Section 5. Member banks shall deliver all gold coin, gold bullion and gold certificates owned or received by them (other than as exempted under the provision of Section 2) to the Federal reserve banks of their respective districts and receive credit or payment therefore.

Section 6. The Secretary of the Treasury, out of the sum made available to the President by Section 501 of the Act of March 9, 1933, will in all proper cases pay the reasonable cost of transportation of gold coin, gold bullion or gold certificates delivered to a member bank or Federal Reserve Bank in accordance with Section 2, 3, or 5 hereof, including the cost of insurance, protection, and such other incidental costs as may be necessary, upon production of satisfactory evidence of such costs. Voucher forms for this purpose may be procured from the Federal reserve banks.

Section 7. In cases where the delivery of gold coin, gold bullion or gold certificates by the owners thereof within the time set forth above will involve extraordinary hardship difficulty, the Secretary of the Treasury may, in his discretion, extend the time within which such delivery must be made. Applications for such extension must be made in writing under oath addressed to the Secretary of the Treasury and filed with a Federal reserve bank. Each application must state the date to which the extension is desired, the amount and location of the gold coin, gold bullion and gold certificates in respect of which such application is made and the facts showing extension to be necessary to avoid extraordinary hardship or difficulty.

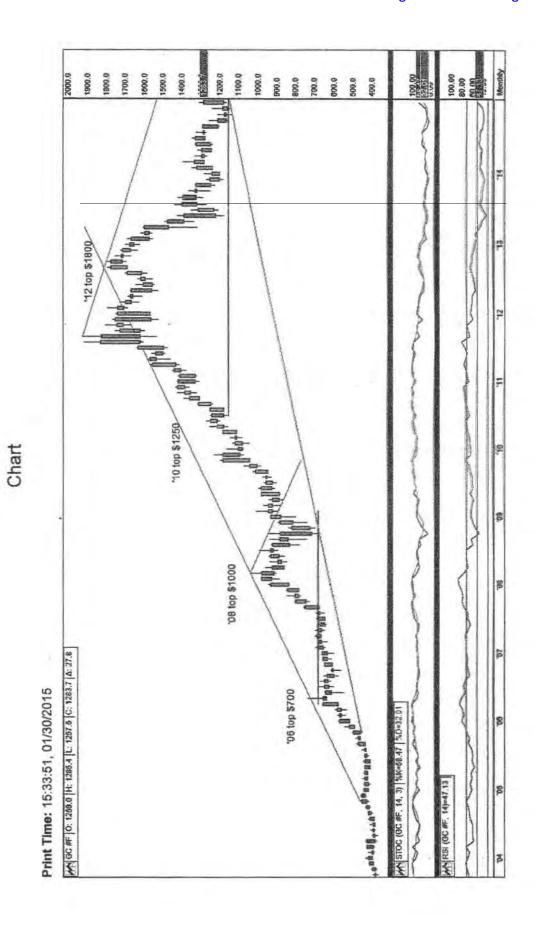
Section 8. The Secretary of the Treasury is hereby authorized and empowered to issue such further regulations as he may deem necessary to carry out the purposes of this order and to issue licenses there under, through such offices or agencies as he may designate, including licenses permitting the Federal reserve banks and member banks of the Federal Reserve System, in return for an equivalent amount of other coin, currency or credit, to deliver, earmark or hold in trust gold coin and bullion to or for persons showing the need for the same for any of the purposes specified in Paragraphs (a), (c) and (d) of Section 2 of these regulations.

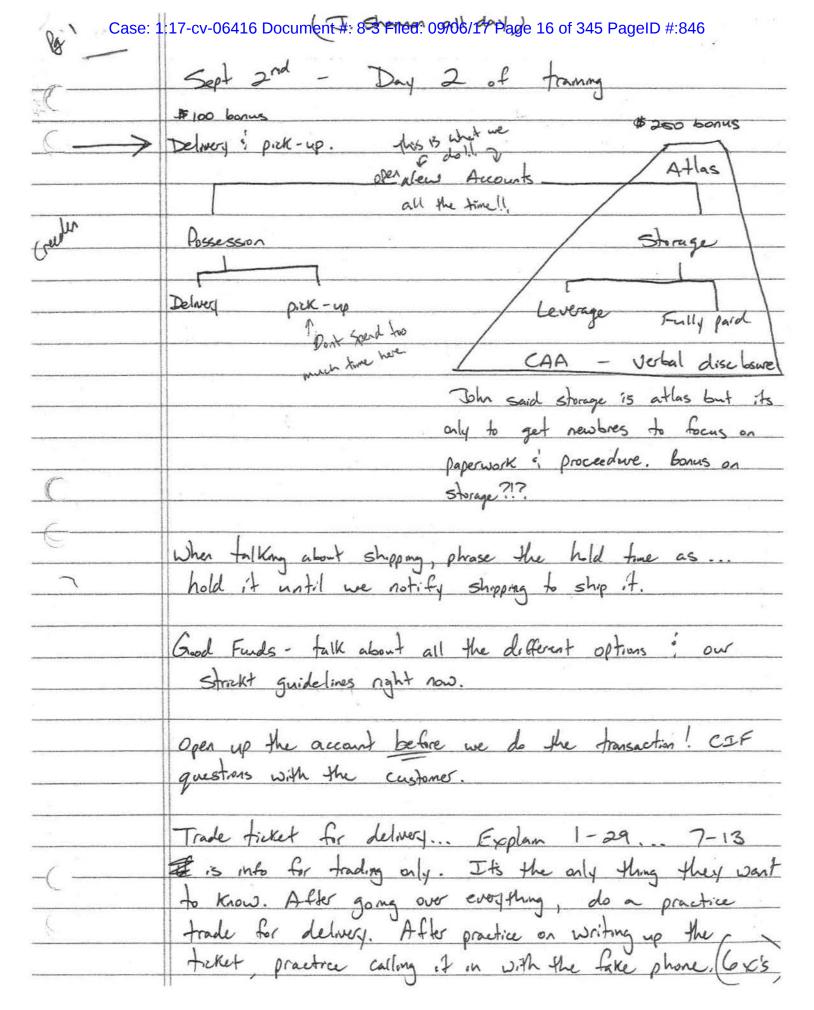
Section 9. Whoever willfully violates any provision of this Executive Order or of these regulations or of any rule, regulation or license issued there under may be fined not more than \$10,000 or if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director or agency of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order and these regulations may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE April 5, 1933





	1			
y 2 after lunch	After the training on d	elvery / prek-up and the rep it all up with a review.		
	practice trade takets w	rap it all up with a review.		
	Brief eighanation on pick.	- чр		
and the same of th	Atlas - John preped everyone about Howey coming down and everyone should have read the CAA. Also have someone highlight 3 or area's they have questions on or don't			
	highlight 3 " area's they	have questions on or don't		
	understand.			
	Atlas Presentation			
	Delivery	Atlas		
6				
5	\$40,000 2002 2 mits	\$40,000 60 02 6 units		
	1 to 1 to 1 to 1	A. 1 \$.0 PL		
	1 \$300,00 loz = \$6000 polit 150% ROI	13000 loz = \$18,000 profit		
	5% KOI	US % ROIL		
	0/	Loan		
	Rrsk	\$80,000 × 5.9°% = 4,720/yr		
	35%	#393 /mo		
	4			
	14%	- 6002 1 \$ 6.95 to cover int.		
	V	cover int.		
	7%	+.25 \$ for show		
1c		to cover all fee's.		
		10 000 341		
	1			

	2/3/12	Pa	duction In (Anous	ld be ones in red book)
	1) See 1	of learning	haw he get c	ld be green in red book) ompersated.
	2) Pull 0	ut the 10	trade takete u	se did vertorder
		- Turn to	the tob A/R	compensation - Travel out.
	Bearing	of next mont	h your anna to	get a printout that
	we ask	var to sian	that sails you	agree with all the
	Computate	ers that del	termen what was	get paid. Its important
	that you	tack the	leals van do so	you can make sure
	there are	no mistakes	or you are	you can make su
	(30 DISC	each Lille or	section of the	log Have then and
	what earl	h one is	activity of	log. Have then gues
		13.		17
	When you get to the spread speed some time breaking that down.			
	Today Co	be thought	y of as anse	profit for the company.
	lase Make.	a secretare	f that profit.	province the company.
	pro-	a potentinge	1 may proving	
	when was	get to the to	tal waster it as	the board and start
	7	7		1.00
	to use	that to evalue	a what their are	park
nui me			n what they are	paid.
	1st 6	+ickets	n what their are	paid.
	1st 6 7405 inde	tickets × Inaips	n what they are	paid.
	1st 6 7405 inde Short W/	tiekets × Inaips Feb	n what they are march	pard. April
ВВ	1st 6 7405 inde Start W/ Fraction Salary	+ izkets × Inaips Feb \$ 3,000	march	April \$ 2,000
ВВ	1st 6 7405 inde Shart W/ Finder/ Salary Bonus	+ izkets × Inaips Feb \$ 3,000 \$ 600	march \$2,000	April \$2,000 \$2100
вв	1st 6 7405 inde Start W/ Finder/ Salary Bonus Naips	+1.exets × 1.aips Feb \$ 3,000 \$ 600 \$ 500	march \$2,000 \$1500	April \$2,000 \$2100 \$200
ВВ	1st 6 7405 inde Shart W/ Finder/ Salary Bonus	# 600 # 500	march \$2,000	April \$2,000 \$2100 \$500
ВВ	1st 6 7405 inde Start W/ Salary Bonus Maips Naips Nacts	+1.exets × 1.aips Feb \$ 3,000 \$ 600 \$ 500	march #2,000 #1500 #2500 #200	April \$2,000 \$2100 \$200

	Prod log Continued
	Put the Low up on overhead projector so they can see the bonus's.
	Make Sure to also break down the salary as a perioday payout based on them being here.
	Go over all the bonus's one by one.
	Then put new Acct bonus schedule up an overhead. (Narps) And explain narps: put it on the board.
	Now put the index is % pay up to show Index payout.
	Lastly cover "Dress for Success", parking spot.
*	
1-14	

7	1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 21 of 345 PageID #:851
9/7	Day 4
Compensation:	Pulling from the tres schedule, afternoon class on compensation. Pull out the Green form and give a
W. W	3 mo example of what they would make off those trades.
	Buy I sell charge - commission - a percentage of the commish. goes to us!
171	Talk about the extra bonus's top index producer to top new atlas producer. Can win it once per quarter
	in each catagory.
	Dress for Success for top naips i top index producer. Can only win it once per year.
Forms:	the second of th
ا لالا	man on the 1" trade. Mane spelling needs to be
05 reminer alber	than on the 1st trade. * Alame spelling needs to be talked about! Trade ticket - make sure to cover the settle, send funds, hold funds.
25 July 1	hold funds.
*	Dor't try to fix your own mistake! You will make it worse
	Come to us ASAP so we can fix it, if possible!
	etc We did not over W-9 and further tho? later
(date probably?
eck Top Guide	- Front of the page & back of the page.

Leserved

Awarded each month to

Producer

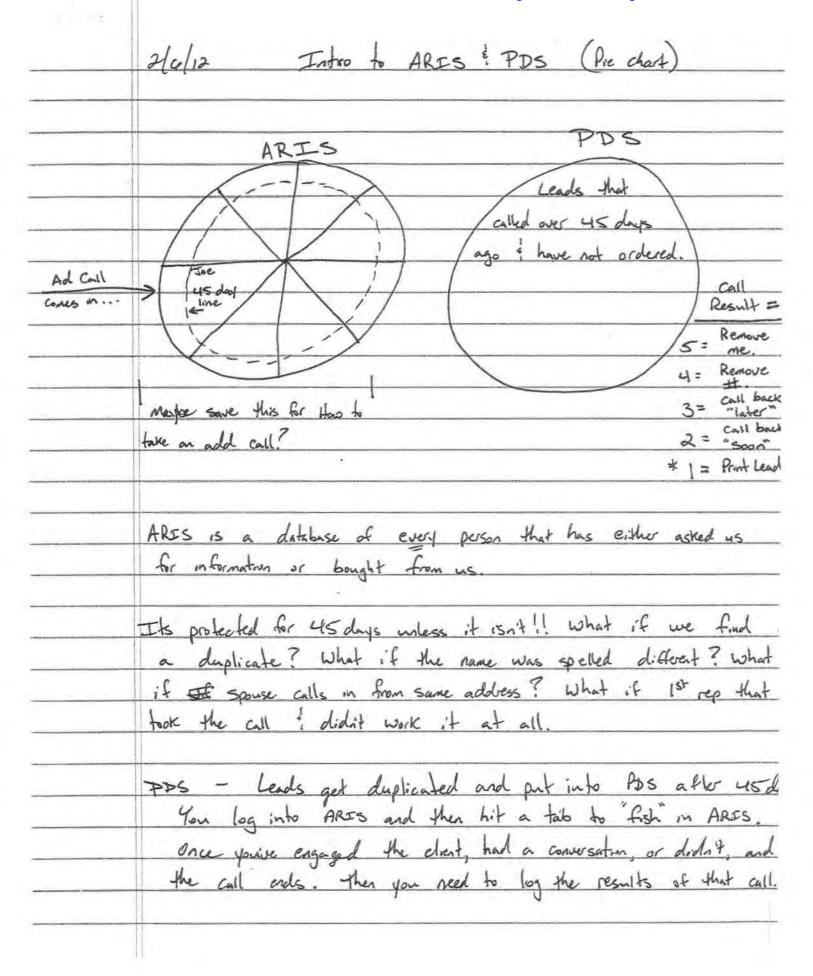
Account Representatives may this award once per quarter

Dress For Success Award

Win \$1,000 in new business attire!

warded to the Top NAIPS and Top Index Point Producer

Account Representatives may win this award once per year in each category



ase: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 25 of 345 PageID #:855 AUA PDS Review What is the most important information you capture / write down when you are talking with potential customer on Pos? What must you do before you yours" (call result 1 right? !. Kit " (Enter Key to PDS? Tab in ARIS you log in If you successfully capture a lead off PDS, how long is it protected? Its Not! What if the address is wrong? What is the call result and what action do you take next? Call result 3 write down name i acct # of phone # (Correct phone numbers!) Action result with request to update address and?! Mail What you want * How long do I want you logged on to pols each and every day for at least the 1st 3 months? Call result = 1 "enter" Kit or 3 options from fullfalment Fa Call anytime Fa don't call for awhile Fa remove number remove lend F2

Stops & Limits			
Stops & limits allow you to place orders to purchase and for sell in the future at targeted prizes determined by you and your customer.			
1) They are good or "Active" for 30 days 2) Its a "live" order the second trooling gives you the time stamp. A) must be canceled by the Acct Rep! Closing a transaction			
B.) Must be called m during live trading hows! 3) Affected by "Gaps" in price A.) Gaps overnight I weekend			
B) Graps over a screen role II) Can not batch stop / Innt orders Great: Mathematical Sormula for setting your spread -			
1739 (APIBP) - 1 5000 (17549 17031) = 1.030 - 1 = .030 = 3%			
1729 spot × 1.5% = 25.9 25.9 + 1729 = 17549			
Buy @ 1700 spot = 1700 x 1.5°/. = 25.5 + 1700 = 17,255 Ask			
1 100 3/07 -			

Case	: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 27 of	
	Stops, Limits, 1 Shorts	
	By Stops (Limits Live	Cross 50%
	must be called in during trading hows.	MV = Asklbid price
N	Must be called in during trading hows. 5:30 am - 5:30pm m-Th 5:30 am - 4pm Fi: or before	ve frading closes four using to
	5:30an - 4pm Fi: or before	hedge.
	Before you leave for the day you must	check your
	stop / limit report to see if you need	l to call a
	client ! make a change.	
		MV + Excess equili
	Used to control risk!	- Act (Bod of com.
	Helps to make A[R More efficient!	for are using to heady
	1) by Having the computer lock in trades	
	while your calling other customers. 2) By locking in trades during times you	
	might not be here (5:30 open)	
210	3) Buy breakouts or sell breakdowns!	

Understanding Basic Trading

-- Charting

Candlesticks

Moving Averages

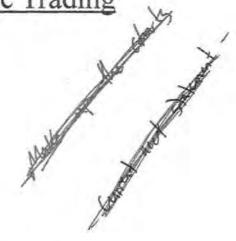
Trend lines/Channels

Fibonacci retracements

RSI

Stochastics

Bollinger bands



Gaps

--Technical vs. Fundamental Analysis

How fundamentals can also affect the market

	2/10/12 John Shannon "Inbound call Strategy"
	Starts off talking about an informercial and sets the tone for a "call center". Sometimes not even at
	the company location. can be an off-site company.
	The person calling thinks they are getting "Call Center Sean". I have no idea who is on the other end of the phone
	out lead call sheet) Set up the form as a way to get info. (Master List). Put it up on the overhead.
	Two ARSS on and show then where the caller phone number is going to show up. And where the lead code will show
and the second	- Hαp.
	Then go through a sample of what a phone call might be like. But cover each topic so I can gather the right
	facts! I want to then to Stop my guestrons on I can explan who I am and graduate up the chart to "Acut Rep Sean"!
	After the explanation on taking the call, go into the after hours module on mica. Turn to page 10 a in
	DTG. Caps lock. 5 unit max. Trade limits on \$ still

Case	: 1:17-cv-06416 Document #: 8-3 Fil	ed: 09/06/17 Page 30 of 345 Pa	geID #:860
		*	
			Benefits of Money Sheet e their Cubicle !
	SAVJ	Pa Cerri I	
	(investor - Processional)	Professional Invest Expert	Money is Different.
		Invest Expert	Leverage Stops / limits
			shorting
	Joe Good Potential	Experienced AIR d	Delivery Storage Only. Buy back rule. might have to secunt commont. Aug
	Wilbur	Call G center lear Sean flo	od customer suc. we them happy. Light is move on.
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GENERAL INFORMATION

UPDATED 5-20-09

SIGNING ON

Each person having access to the computer will have a USERNAME and PASSWORD. Usernames are assigned and cannot be changed. Password codes should be controlled and changed if necessary to prevent unauthorized personnel from accessing the information stored on the computer.

Once having entered the system using your Username and Password the system should display the Main Menu or a Sub-menu.

MENUS

The Menu is a list of functions from which the user may select. To enter the Research Menu enter /RE, once entered you will be in the RESEARCH Menu. Listed in the Research menu will be the applications needed to complete the functions of a Research Assistant.

FUNCTION KEYS

Some applications will not use the function keys, while others will use part or all of the keys. When function keys are used they will have the same meaning no matter what application you are in. The usage of the function keys are as follows:

- F6 The user has completed this job and wishes to return to the menu.
- F7 Returns the user to the ACTION CODE field or the BATCH CODE field.
- F8 If the user has entered the last required field, the cursor is placed on the ACCEPT, CANCEL, CHANGE line. If additional information is required, an error message will be displayed and the cursor is placed in the next field.

F9	Moves the cursor back one field. This key may be pressed
	several times to move the cursor back further than the initial preceding field.

F10 Clears the entire screen and positions the cursor is placed back into the first data field.

Ctrl-F10 SNAP screen

SNAP Print screen

MXTH - TRADE HISTORY

PURPOSE

Produce a listing of journal history for an account. The Trade History Listing includes only "PO", "SO", "DE" and "RC".

DATA ENTRY

Initial Entry Form menu screen enter MXTH

Account Customer's Account Number (Required)

Date Accepting dates to restrict the listing to account records

to account records having transaction dates falling

within the date limits.

FUNCTION KEYS

F6	ENTER / Exit program.
F8	Can be used after entering ACCOUNT NUMNER to skip to the "Accept, Cancel, Change" line.
F9	Backs up to the preceding field.
F10	Returns cursor to the Account line.
Ctrl-F10	SNAP screen
SNAP	Print Screen

REPORT FIELDS

ITEM	NAME	DISCRIPTION
1	PROGRAM NUMBER	Program number and report number
2	USER - ID	ID of user requesting listing
3	PAGE	Page Number
4	ACCOUNT NUMBER	Customer's account number

MXNA - NAME / ADDRESS MAINTANCE

PURPOSE

Used to update and maintain the Current and Purged NAME and ADDRESS files.

DATA ENTRY

Initial Entry

Form menu screen enter MXNA

Action Code

Indicate to either Inquire, Change, Add or Delete

Company

Enter "H" if left blank will bring up PURGED Files

Account Number Enter customer's account number

FUNCTION KEYS

F6

Exit Program

F7

Returns cursor to ACTION Field

F9

Moves cursor back to previous field

F10

Clears Screen

Ctrl-F10

SNAP Screen

SNAP

Print screen

MXAS - ACCOUNT STATUS

PURPOSE

Print a listing of the positions and/or journals of an account, up to 13 months.

DATA ENTRY

Initial Entry From menu screen Enter MXAS

Company (H) Input required

Account number input required

Option 1 = (Default) Account status display

month to date positions and journals.

2 = Account status and Journal display

month to date positions and journal history up to

thirteen months.

3 = Journal History display only

Displays up to thirteen months of journal history

only.

4 = Position display only

Months 1 to 13 enter the number of months of positions and

journal history to include.

Commodity Limits account status to records for commodity

entered.

Trade Number Limits the account status to records for trade number

entered.

FUNCTION KEYS (For Account Status)

F6 Enter program / Exit program

F8 Can be used after the ACCOUNT NUMBER to skip to the

"Accept, Cancel, Change" line.

F9 Backs up to the preceding field.

F10 Returns cursor to the COMPANY field.

MXOLE - ON-LINE EQUITY

PURPOSE

To inquire into a customers account, access to current positions and prices, to account balance, market value, equity and excess equity. This program will further assist you in the ability to create and calculate a number of applications such as; opening new positions, closing existing positions, deliver a commodity, receive a commodity or credit / debit funds.

DATA ENTRY

Initial Entry

From menu screen enter MXOLE

Company

(H) input required

Account Number Customer account number (required)

FUNCTION KEYS

F6	Exit MXOLE screen
F7	Clear screen and reposition cursor to the COMPANY field
F8	Input completed – recalculate equity values
F9	Moves the cursor back one field. This key may be pressed several times to move the cursor back further than the initial preceding field.
F10	Clear screen and reposition cursor to the COMPANY field
Ctrl-F10	SNAP screen
SNAP	Print screen

MXOLE MODIFIED APPLICATIONS

ENTER CODE

"T#"	Show trade date, transaction number and amount due
AM	Show "Noon Pricing" after 12:00 AM PRICING AMERICAS
ICP II	Show Current Pricing
"PC"	(Default) Show previous closing pricing
"DEL"	Delivery from a Long trade
" 99"	CREDIT / DEBIT Credit – Enter amount you want the cash balance to be credited. Debit - Enter amount you want the cash balance to be debited.
"UC"	Update Current Price for single commodity (all lines)
"S"	SAVE – Select for future use
"PO"	Open (purchase) a Long Trade; (see EX-1)
"SO"	Open (sell) a Commodity Loan trade; (see EX-2)
"CL"	Closing trade (full or partial units); (see EX-3)
"IN"	Calculate interest and optionally post to cash (Necessary to calculate accurate "Equity Call" requirements) (see EX-4)
"1 – 60"	Change an individual trade line (see EX-5)

TRAINING MEMORANDUM

Date: September 9th, 2014

To: New MDC Account Representatives

From: Sean Brazney, Training Manager

Re: Important Policies

This summary is intended to remind you of a few important policies. Please keep it at your desk and review it regularly.

- 1. IT IS YOUR RESPONSIBILTY to make sure that a customer understands the following:
 - a.. Once he/she orally confirms a trade on the trading line, he/she has entered into a binding legal contract and is financially responsible for the trade.
 - b. If the transaction is an <u>opening trade</u> (buy or sell), the customer has 24 hours from the time of the trade to get all required funds on the way to MDC and the funds must be received by MDC within 2 business days of the trade, or the customer will be in default.
 - c. A new customer (one that has never previously dealt with a Monex company) may rescind his first trade or trades if he notifies MDC of his desire to rescind.
 - d. A rescinding customer will be responsible for any actual market losses on the rescinded trades (ask to ask or bid to bid with no transaction costs or spread) and he must have money in house (sufficient to cover the new trade) prior to doing any further business with Monex..
- 2. Prior to acceptance of a new opening transaction for a customer's Atlas Account, you are responsible for confirming to the customer the type and amount of the commodity to be purchased or borrowed and sold and the applicable transaction charges, interest and lease rates and service fees. You are also responsible for advising the customer of applicable equity requirements and the circumstances under which the customer's account would be subject to an equity call and/or forced liquidation.
- 3. An acceptable signed Customer Account Agreement (CAA) must be received by MDC within 15 days of a customer's <u>first</u> opening financed, storage or commodity loan transaction, or the Account Representative will earn no index on the trade. No subsequent opening financed, storage or commodity loan trade may be accepted from the customer until an acceptable CAA is received. No index will be earned on trades, which result from violation of this policy. <u>If an Account Representative violates this policy a 2nd time the customer will be taken from them and assigned to someone else!</u>
- 4. An acceptable verbal disclosure must be recorded <u>prior to</u> placing a first time Atlas Account transaction (leveraged or storage) for a customer. No index will be earned for any trade in violation of this policy. It is the Account Representative's responsibility to listen for the beeps on the phone system to confirm that a valid recording is being taped and to accurately record the time the taping took place on either the Customer Information Form (CIF) or the verbal disclosure form.

- 5. Limit and Stop orders for new accounts can only be used if if funds are in house prior to placing the order.
- 6. An Equity Call will not be issued for an account if sufficient funds have been received for the account by 3:30 pm that day or sufficient positions are sold prior to 4:00 pm that day to raise the account's equity above the minimum equity level (usually 14%).
- 7. If a customer complies with MDC's and MCC's payment policies (good funds sent via bank wire or overnight courier/mail within 24 hours of an opening trade) an extension of time for payment should only be necessary in emergency situations. While the customer is responsible for timely payment, the Monex companies may, at their sole discretion, grant an extension. Such an extension will be considered only if a proper bank wire number or tracking number is provided to Monex verifying the customer's transmission of payment within the required 24 hour period. If an Account Representative guarantees a customer's timely payment in exchange for an extension, then the Account Representative shall be liable for any market loss on the applicable transaction if the customer's required payment is not received in the extension period.
- 8. If a bank wire is received in full payment for a delivery, the goods will be sent after 48 hours. For cashiers checks and personal checks, the time frames will be after 5 and 10 business days, respectively.

Note: These time frames are minimums and can be extended, especially if the particular commodity is back-ordered or not readily available. Customers requesting delivery must be advised of this possibility. An Account Representative will know that a customer's goods have been shipped the first day the goods do not appear on the Account Representative's position report.

9. If a person wants to sell goods to MDC that he/she has not purchased from MDC, authorization to accept the trade must first be obtained from the Trading Department and will only be considered if the person is using a minimum of 50% of the proceeds to buy a product from Monex for delivery, or 25% of the proceeds if purchasing using an Atlas Account. Such authorization shall be obtained by an Account Representative through his/her Sales Director/Manager.

In addition, (i) no such trade will be accepted until the goods have been shipped to and verified by ViaMat (See your desk top guide for shipping instructions), (ii) any excess funds can be sent back to the customer after both trades have been completed, (iii) the Account Representative will not earn index on MDC's purchase of the customers goods, but will earn index on the customers purchase using the proceeds. and (iii) the proceeds of sale must be used by the customer for a new purchase from MDC or a commodity loan.

Finally, the Account Representative must tell the person selling the goods to us that if they are reportable commodities we must receive a signed W-9 before the funds are made available for repurchase or distribution.

10. If a client, or former client, wants to sell MDC coins or bars in his possession that he has bought from MDC, we will agree to buy them if we can verify the prior purchase. (See your Research Assistant for verification if you were not the Account Representative who sold the goods to the customer.) Once the purchase is verified, and the goods have been received and verified by ViaMat, you may accept and execute a sell order. An Account Representative will not earn index on buy back of partial MDC units or products that were purchased from other dealers. Please remember that a W-9 is required prior to distribution of funds if the coins or bars being sold are reportable.

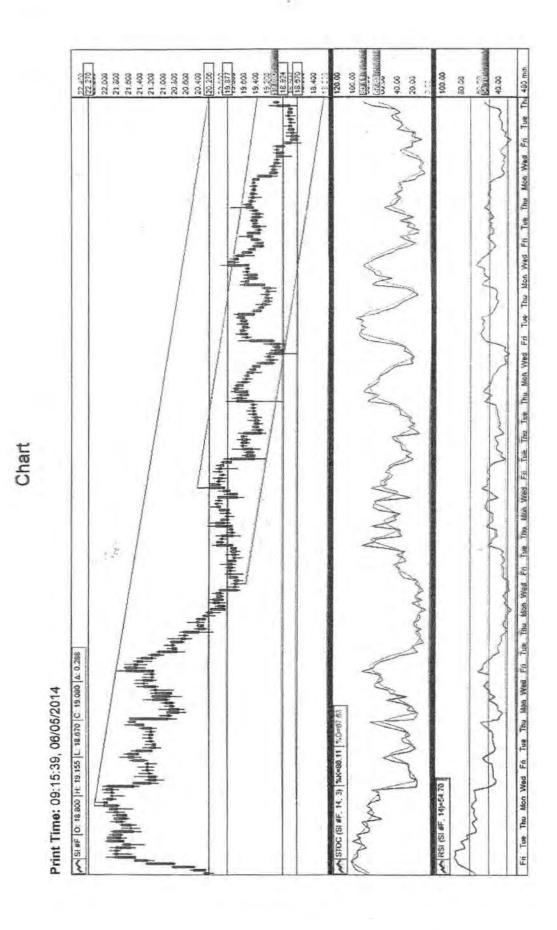
- 11. If your client makes a purchase for delivery and then makes a subsequent purchase or purchases of any kind before the first purchase has been shipped, nothing will be shipped until the required funds have been received for all the trades.
- 12. MDC's trading day ends at 4:00 pm every weekday. Any trades after these times are posted as of the next trading day. Weekends and holidays are considered part of the next weekday trading day. If MDC decides to make a market on a scheduled holiday, MDC may shorten the trade day to 12:00pm or 2:00pm. All trade limits and equity call procedures will still apply to the shortened trading day. The month ends on the last day of the month excluding weekends and holidays, which are considered part of the first weekday trading day of the next month for all purposes.
- 13. New Account representative's qualifying for leads will be placed on the "AA" list until they have been employed for 5 months. After 5 months they may be moved up to "AAA" if they meet the qualifications at the Sales Director's discretion.
- 14. New Accounts can not be opened up with a "Short" as their first trade without the approval of your sales director/manager. Approval will only be granted if the client called and wanted to go short, NOT if it was a suggestion of the AR.
- 15. Each sales area has one computer that is specifically for the use of Account Representatives for charting. Although this computer has access to the Internet, no personal usage is allowed to access any other website that is not related to precious metals. Use of this computer to access any personal use website is grounds for termination.
- 16. Each Account Representative has a phone on their desk with their personal extension. No Account Representative is allowed to pick up a call on another Account Representatives desk. This effects an Account Representative's allocation for ad calls, and their results. This policy must also be adhered to on the weekends. Violation of this policy is grounds for termination.

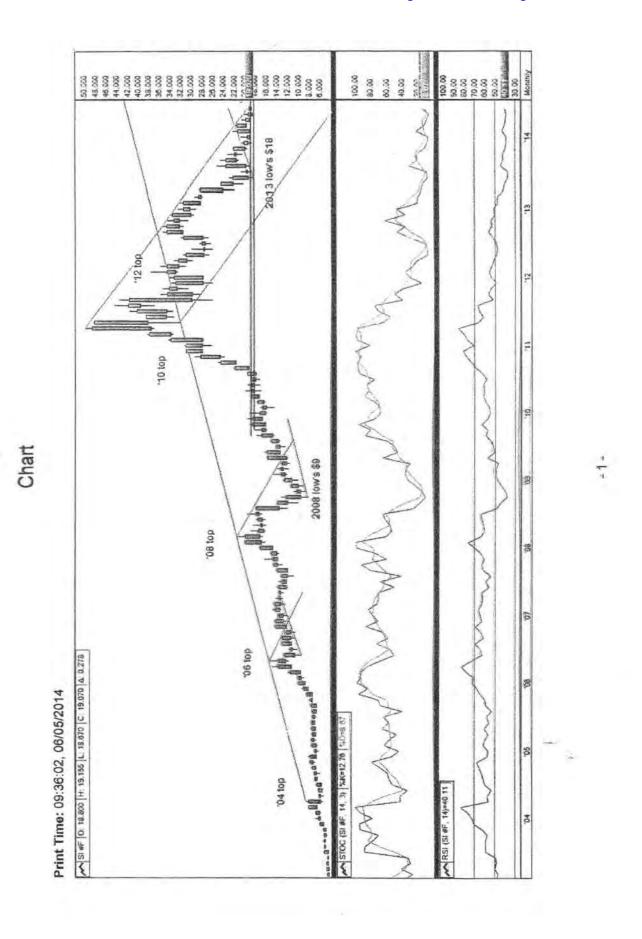
COMMODITY SYMBOLS

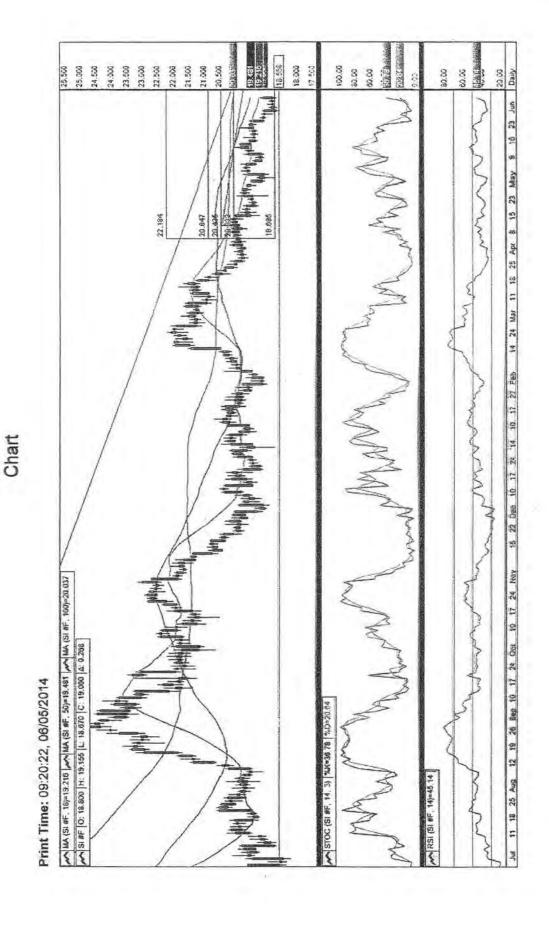
SI	SILVER	CL	CRUDE OIL
GC	GOLD	HO	HEATING OIL
PL	PLATINUM	HU	UNLEADED GAS
PA	PALLADRUM	OJ	ORANGE JUICE
HG	COPPER	SB	SUGAR
		, KC	COFFEE
DJ	DOW JONES	-co-	COCOA
SP	3 & P NOEX	LB	LUMBER
DX	Us DOLLAR	FC	FEEDER CATTLE
SF	SMSS FRANC	LC	LIVE CATTLE
DM	DEUTSCHEMARK	-PB	PORK BELLIES
YL	JAPANESE YEN	LH	LIVE HOGS
BIP	BRITISH POUND		
CD	CANADIAN DOLLAR		
	· 1988年 - 1987年 - 1988年	S	SOYBEANS
US	T BONDS	W	WHEAT
TB	TBIUS	C	CORN
ED	EURODOLLAR	СТ	COTTON
XAU	GOLD SILVER INDEX	CRY	COMMODITY INDEX

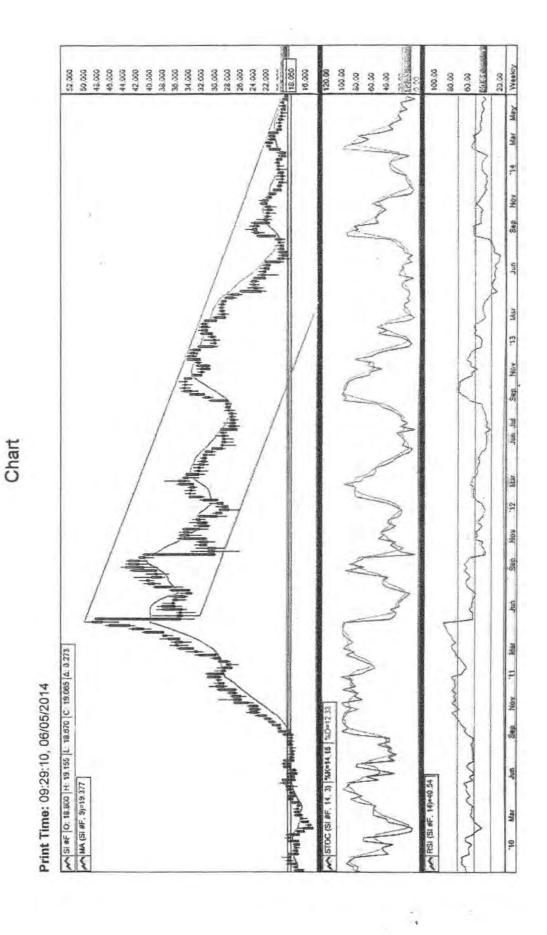
DELIVERY MONTHS

F	JANUARY - PLAT - PAL	N N	JULY - SILVER - PLAT - PAL
G	FEBRUARY - GOLD	Q	AUGUST - GOLD
Н	MARCH - SILVER	U	SEPTEMBER - SILVER
J	APRIL - GOLD	V	OCTOBER - GOLD - PLAT - PAL
K	MAY - SILVER	X	NOVEMBER
M	JUNE - GOLD	Z	DECEMBER - SILVER - GOLD









Momentum, or price velocity, is central to technical analysis. The rate of change of price movement is a leading indicator of a change in price direction. Momentum precedes price. Up trends usually begin with very high rising momentum. This positive velocity gradually tapers off as price begins to make lesser upward progress on rally attempts. Bullish exhaustion occurs when rallies begin to make only incrementally higher highs or begin to fall short of previous peaks. Suddenly momentum breaks sharply into negative territory as price drops below previous swing-lows as a downtrend begins. Finally, after a long decline, price velocity bottoms out before actual price hits its ultimate low. Gradually, price velocity becomes less and less negative on minor price declines. As this negative momentum diminishes, the stage is being set for a new upward cycle.

Technical indicators are designed to reveal and quantify the market's velocity or momentum. We will discuss some of the more useful technical indicators in this report.

Moving Averages

- 1) A simple moving average is computed by adding the closing prices for the period used and averaging them. For instance, a ten day moving average is simply the sum of the previous ten days divided by ten. With each new day, the average is amended by dropping the eleventh day and adding the new day. While strictly speaking moving averages are not momentum indicators, they are used as the components of virtually all of them. Perhaps more to the point, price relation to moving averages reflects a change in underlying momentum.
- 2) Some moving averages are used as a standard by which the momentum in the market may be scrutinized. One example is the 40 week moving average. The principle here is that as long as the price remains above the trailing 40 week moving average, the market is said to be in a bull trend. Conversely, to the extent that price falls below the 40 week moving average, the market is then thought to be in a bear phase.
- 3) Using a moving average as a standard on a daily chart, many see the 200 day moving average as the arbitrator of a market's overall condition. To the extent price maintains buoyancy above the 200 day moving average, the market is said to be bullish. Conversely as price declines below the 200 day moving average, the market is often under selling pressure and may decline further.
- 4) The crossing of a shorter period moving average above or below a longer period moving average is still another technique used by traders to read market momentum. On a longer term scale, a 100 day moving average crossing below the 200 day moving average, for instance, is considered by many to mark the shifting of momentum into a bearish phase. Once a market has bottomed and begins rising, the 100 day moving average crossing back above the 200 day moving average is considered such a strong indicator that it has been referred to as the "golden cross".

5) Three period moving averages are used to get an earlier indication of potential price turns. For an intermediate term indicator, many traders use the 18, 45 and 100 day moving averages. As the shortest period moving average, the 18 day, crosses above the middle period, the 45 day, at a suspected low, traders gain conviction that a momentum shift is under way. Then price is expected to support on or near the 18 day moving average as the rally progresses. As the 45 day moving average then rises above the longest period moving average, the 100 day, the market is expected to enter into its strongest, most dynamic phase. After a top has occurred, price will no longer find support at the 18 day moving average, but will move down toward the 45 day. As the decline gains momentum, the 18 day moving average will decline below the 45 day, signaling a change in trend. Many traders wishing to get an even shorter term indication will utilize the 4,9 and 18 day moving averages in much the same way. In both cases, the movement of the shortest period above (or below) the intermediate marks the momentum shift; the crossing of the shortest term and middle period moving average above (or below) the longest period moving average is indicative of a sustained move up (or down).

Stochastics

Stochastics is a momentum or price velocity indicator developed by George C. Lane. Like rate of change, it is a fixed period-to-period moving calculation that can jump around erratically due solely to data for the oldest period being dropped off. Thus it is vulnerable to false signals and instability.

Rules: First, look for a price trend reversal when SK diverges from price. That is, when price moves up to a new high but SK (blue) does not make a new high (for a negative divergence), look for a downturn in the price trend. Conversely, when price moves down to a new low but SK does not make a new low (for a positive divergence), look for an upturn in the price trend. The actual signal to act on such a divergence comes when SK moves above SD (red) for a buy signal, or when SK moves below SD for a sell signal. It is more reliable, according to Lane, when SD has already made a turn in the direction of the new trend when SK crosses SD. Also, it is better when signals are in the direction of the major trend. Finally, reliability is enhanced when buy signals are given in the 10% to 20% range and when sell signals are given in the 85% to 90% zone.

Virtually every test period examined provided below average results when using the simple crossing technique as a buy or sell signal. The value of Stochastics as a stand-alone technical indicator may be generally overstated. Experience has shown, however, that using Stochastics as a divergence indicator can be very effective.

Relative Strength Index (RSI)

Relative Strength Index is a price momentum indicator invented by Welles Wilder. Wilder's RSI is a front -weighted price velocity ratio. It's method of calculation avoids the problem of erratic movement caused by dropping off the old data, the "take away" number that weakens the Rate of Change and Stochastic indicators. RSI is said to indicate an "overbought" condition when it is above

70 and an "oversold" condition when it is below 30. Perhaps the most commonly employed technique using this indicator is to buy a positive crossing of 30 and sell a negative crossing of 70. Experience shows, however, that this can be problematic. Sometimes 70 and 30 work, sometimes they don't, and sometimes they fail spectacularly. [The concepts of "overbought" and "oversold" are not clearly understood. The basic definition is to have come too far, too fast. However, the ability of the market to register an extremely overbought condition during an advance is not a negative, but a positive sign of the vitality of the market. On the other hand, the lack of an overbought reading during an advance often indicates the weakness of the rally.]

For a more user-friendly approach to RSI, consider that in a prolonged bull run the 70-30 decision frame rises, with some analysts recommending 80 and 40 as the benchmarks, and that in a prolonged downturn the frame falls, with 60 and 20 being recommended benchmarks. In fact, a reading of 80 can be used to define an uptrend with 40 being used thereafter as oversold until a tag of 20 reverses the price structure and suggests a new downtrend, with 60 now being overbought. So the action of the RSI indicator can be used both to define the major trend of the market and to shift the decision frames to the appropriate levels to identify overbought-oversold relative to the trend.

Adjusting the time period on indicators can be problematic: each indicator seems to require its own parameters. An example of a set up that works quite well is a 14-day RSI with 50-day, 2.1 standard deviation Bollinger Bands. Using this combination of parameters, overbought oversold levels are easily identified, and clear divergences are delineated at many turning points.

Bollinger Bands

Bollinger Bands are drawn around the price structure on a chart to provide relative definitions of high and low. The base of the bands, or middle band, is a moving average descriptive of the intermediate term trend. The length of this middle band has a default length of 20 periods. The standard deviation (an algorithm used to measure volatility) default is 2, and is used to compute the upper and lower bands. The guiding principle in interpreting Bollinger Bands is to understand that low volatility begets high volatility; and high volatility begets low volatility. Put another way, markets get quiet, then they get dynamic, then they get quiet again. The correct use of Bollinger Bands can help in preparing for these transitions. The following are some key trading situations utilizing Bollanger Bands.

- 1) The Squeeze. The "squeeze" occurs when volatility falls to very low levels. As a result, band width drops to such a low level that the upper and lower bands appear to be squeezing the market. The trading method is to follow the price move through the squeezed band: buy if ascending through the upper band; sell if descending through the lower band. An important caveat is to beware the "head fake". This is a move in the opposite direction from true trend, so price may move down toward the lower band before reversing course to rally back up through the upper band. The use of some of the other technical indicators profiled here can help you to avoid this whipsaw while within "squeezed" bands.
- 2) The Expansion: At the onset of a powerful trend, volatility expands so much that the bands will expand. This expansive condition very often follows the low volatility "squeeze" period.

Counter intuitively, the lower band will turn down in an uptrend or the upper band will turn up in a down-trend.

- A): As the bands begin to expand, one trading method is similar to the "squeeze": buy strength and sell weakness. The recommendation is to employ one or more other indicators to avoid buying near highs and selling near lows. When price has risen above the middle band, and the Relative Strength Indicator (RSI) reaches 70% and /or the Money Flow Indicator (MFI) reaches 80%, buy. Conversely, when price drops below the middle band and the RSI reaches 30% and/or the MFI reaches 20%, sell. The key here is to avoid late entry, since much of the potential may have been used up. An ideal exit strategy is to mark the point at which bandwidth first begins to contract and exit the trade. When in an uptrend the lower band which has been going down, or in a downtrend the upper band which has been going up reverses, the current leg of the move is over.
- B): When a reversal occurs within an expansion, volatility will have been contracting so that bandwidth will have ceased expanding. The current trend is most likely over.
- a) The buy set up: the lower band is tagged by the price structure and the MACD oscillator (adjusted to 21,100,9, volume as aspect) has turned positive.
- b) The sell set up: the upper band is tagged by the price structure and the MACD oscillator (21,100,9) has turned negative.

Note that in the above trading methods, simply buying at the low Bollinger Band and selling at the high Bollinger Band is not necessarily the key entry point. Only in the reversal example are the bands meant to be the location for buys and sells. Occasionally this simplistic approach may seem the most logical, but it is in fact fraught with risk. The Bollinger Bands used correctly can maximize profit potential while minimizing risk.

Commodity Channel Index (CCI)

The Commodity Channel Index (CCI) is one of several technical indicators utilizing algorithmic formulas based on moving averages and ratios. Most random market fluctuations are supposed to fall within a +100% to -100% channel. Movements beyond + or -100% are supposed to be nonrandom and create trading opportunities. The trading rules are: buy long when CCI rises above +100%, then sell long when CCI falls below +100%; sell short when CCI falls below -100%, then cover shorts when CCI rises above -100%. This indicator will miss tops and bottoms. From a trading standpoint, it may be optimized by using crossings of 0 as the signal, buying as the CCI rises above 0, selling as it crosses back below 0. Also, there will be fewer signals but with less chance of a whipsaw if the period parameter is altered from the default of 20 to 53.

Directional Movement Index (DMI)

Welles Wilder developed the Directional Movement Index (DMI) as a trend following indicator. His studies revealed that markets exhibit strong trends only about 30% of the time. To avoid the unprofitable frustration of trend following in a sideways market, he devised DMI as a filter that permits

entry into trades only when markets exhibit significant trending or directional characteristics. The DMI formula is rather complex, composed of exponential moving averages and ratios, but breaks down into three lines: ADX (average directional movement), the blue line; PDI (positive directional indicator), the green line; MDI (negative or minus directional indicator), the red line.

Rules: Only enter a trade when ADX (blue) is rising, indicating significant Directional Movement. Buy when PDI (green) crosses above MDI (red). Sell when PDI crosses below MDI, or when ADX turns lower (indicating diminishing directional movement). Short when PDI crosses below MDI. Cover the short when PDI crosses above MDI, or when ADX turns lower.

This indicator has a basic trade-off: it will keep the trend follower out of the market for long periods of time, but it has excellent predictability. The draw-down (loss) using this indicator is amongst the lowest of all of the indicators. Thus it should be of great significance to risk-adverse investors.

Keltner Channel

The Keltner Channel is not meant to be a trading channel per se, but rather a price point at which buy and sell stops can be placed. Devised in 1960, based on a simple 10 period moving average of the "typical price" (open, high, low and close summed and divided by four) plotted against a 10 period moving average of the daily range (high-low), it has become the prototype for several more recently devised indicators. When price falls below the lower line (the sell line), the rule is to close any long positions and sell short. When price rises through the upper line (the buy line), shorts are to be covered and long positions initiated. Clearly, utilizing an overbought/oversold indicator such as the Relative Strength Index (RSI) in conjunction with the Keltner channel can assist in the avoidance of selling at bottoms and buying at tops.

Moving Average Convergence-Divergence (MACD)

The MACD is an oscillator based on the point spread difference between two exponential moving averages (EMA) of the closing price. The slower is a 26 period EMA; the faster a 12 period EMA. This difference itself is smoothed by an even faster 9 period EMA called the *signal line*. The simplest decision rule is: Buy when the second differential oscillator is positive (above 0), sell when it is negative (below 0). However, the MACD's inventor, Gerald Appel, does not advocate this simple rule but instead has devised other proprietary rules he offers for sale. Indeed, of all of the overbought/oversold indicators, MACD has the longest lag-time. So the MACD is best used not as a trading system in and of itself, but as a trend indicator.

Money Flow Index (MFI)

The Money Flow Index (MFI) elegantly imbues Welles Wilder's Relative Strength Index (RSI) concept with volume data. At the core of the RSI calculation is a ratio of two exponential moving

averages, one of which changes on up periods, the other on down periods. MFI replaces those exponential averages with moving sums of price times volume, one of positive days and one of negative days. (Note that this indicator is meant to be used specifically as a daily indicator.) Common sum lengths are 9 for short term purposes and 14. A rally with strong volume on the up days and contracting volume on the down days will produce a stronger MFI than would an RSI of the same period. As a rule, the stronger the MFI, the stronger the rally. Since momentum almost always peaks before price, lower MFI spikes on higher price would be an early warning that the rally may be maturing, closing in on the eventual top. MFI is more volatile than RSI, so levels of 80 and 20 are used as bench marks rather than the levels of 70 and 30 used for RSI.

Moving Average Oscillators

An oscillator is an indicator used to measure and quantify momentum, often varying between maximum and minimum limits. Technical analysis software will plot the point difference, percentage difference or ratio between any two simple moving averages. Oscillators move above and below a threshold of 0 or 1 that serves as a signal point. This graphic depiction of moving average crossovers is advantageous because we can see them more clearly; we can better anticipate crossings; and we can subjectively interpret momentum divergences clearly from an oscillator chart

There are two parameters to be optimized: the time length of a shorter moving average and the time length of the longer moving average. There is no one correct, default setting for an oscillator, though many traders have found the 1 and 45 period moving averages to be effective, especially when used on weekly data. Also the 15/36 week moving average oscillator is a very effective one that seems to pick up a relatively consistent intermediate term cycle in the market.

Parabolic Stop And Reversal

This system is designed to allow more leeway for contratrend price fluctuation early in a new trade, then to progressively tighten a protective trailing stop order as the trend matures. To accomplish this, it employs a series of progressively shorter exponentially smoothed moving averages each period that price moves to a new extreme (high or low) in the direction of the trend. The *stop and reverse price* (SAR) moves ever closer to the price trend. Thus, the Parabolic Time/Price System rides the trend until the SAR price is penetrated. Then the existing position is closed out and the reverse position is opened. Used solo as a self sufficient trading system, the Parabolic SAR will more often than not lead to whipsaw losses as it works best in a trending market. As with any individual indicator, this one is best used in conjunction with other indicators for profitable results. For example, it could be used as part of a strategy for the "squeeze" play utilizing the Bollinger Bands. To avoid the head fake, for instance in an oversold market where price declines to the lower band and you open a short position, use the Parabolic SAR to exit the short and reverse into a long position. Another potential use would be to pair the Parabolic SAR with the DMI, thus avoiding non-trending time frames.

Rate Of Change

Rate of change is a price momentum or velocity indicator. Current price is divided by the price n weeks ago and the result is plotted. The only parameter to optimize is the time interval. Some research has shown the 31 week rate of change to be profitable, but caution is urged with this indicator. Though there were fairly good results for periods from 23-38 weeks, results were very poor for short periods. Overall, rate of change is probably too erratic relative to some other indicators, such as moving averages. The reason for this seems to be over dependence on rate of change of the oldest data.

There are several other technical indicators, many of which are designed to be used with equities where volume levels are available concurrent with price. Since there is a one day lag in the reporting of volume in the futures markets, these indicators are not applicable to commodities. Also, there are a number of additional indicators such as Momentum, William's Percent Range (%R) to name a few, that are more or less redundant to the indicators profiled here. Caution must be used in using indicators in conjunction with one another. Use of several indicators of the same variety can lead to confusion or misinterpretation. A simple approach, using a single velocity measuring indicator in conjunction with a overbought/oversold indicator will help determine the nature of the market: a choppy trading range or a vital trend. Adding an indicator that can identify relative definitions of high and low along with an indicator that offers a price level for a protective trailing stop can round out the picture.

Finally, please allow a brief observation regarding frame of mind. Do not let your emotions carry you along; do not let your personal beliefs regarding the direction in which you think the market "should" be going blur your decisions. Test your beliefs to see if they are true. Make your decisions in a relative framework without letting your emotions color the process. And do not change the rules as you go. These indicators are the tools of our profession. No single tool will be right all the time. Using the best compliment of indicators within a relative decision framework that is fully adaptive should stand you in good stead. Economies change, as do markets, and these tools should morph along with them.

FINAL EXAM		Name	
Train	ing Class	AR Code	
Revis	sed 05/12		
	Market and after fall and a Market		tbt
1.	Match each of the following Monex p Troy Ounces per coin, bag or bar:	roducts with its	correct number of
	Troy Ounces per com, bag or bar.		
	A. Silver Bullion	1.	50
	B. Platinum Bar	2.	715
	C. Palladium Bar	3.	295
	D. Silver Coins	4.	1,000
	E. Silver Clad Coins	5.	
	F. Gold Canadian Maple Leaf	6.	10
2.	True or False: Clad Coins are Kenne	dy Half Dollars	
3.	90% Silver Bags come in the following	ng denomination	s:
	A. Dimes		
	B. Nickels		
	C. Quarters		
	D. Half Dollars		
	E. Letters ABC		
	F. Letters ACD		
	G. Letters ABCD		
4.	Match the following commodities wi	th their codes:	
	A. Silver Bullion	1. SC	
	B. Silver Coins	- 0 1/5	
	C. Platinum Bullion		
	D Krugorranda	4 DI	
	E 01 10 1	5 01 51	
	F. Silver Leafs		
5.	A unit of SC has a face value of \$	& has	ounces of silver.
IISE	THE ATTACHED PRICE SCREEN TO A	NSWED THE EC	OLL OWING
	STIONS:	MOWEN THE T	DELOWING
6.	What spot price represents the curre commodities:	ent days activity	for the following
Platii	num open \$ Gold low \$	Silver h	igh \$
C:\MSW	VD\FINALXAM		

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7.	What direction and amount has the spot price of Silver in London changed since the previous days closing price?		
8.	The last recorded time of a price change on gold was:		
9.	The ASK price for a single bag of Clad Coins is		
10.	Gold Canadian Maple Leafs are trading at a premium of \$above Spot.		
11.	Fill in the blanks: ASK BID		
	SILVER COINS SILVER BULLION PLATINUM MONEX SPOT PLATINUM BULLION KRUGERRANDS CLAD COINS GOLD BULLION 10 oz. (x) KRUGERRANDS PER COIN LONDON SPOT SILVER PER OZ. MONEX SPOT GOLD PER OZ		
12.	Monex interest rates are A. Fixed B. Variable C. Compounded quarterly		
13.	In a financed open long transaction, if a client does not pay his interest charges monthly, his account balance or loan gets: A. Larger B. Smaller C. Stays the same		
14.	If a client purchases 3 units of GB V at an ask price of \$5,874 his buy charge per unit will be:		
15.	Mr. Jones has 3 bars of SBV in his account. His break even bid price is \$11.90. If SBV goes to \$15.00 bid, what would be his estimated R.O.I. % on an initial investment of \$8,000?		
	%		

16.	The following equity req transactions at MCC:	uirements are curr	ently in force	on all Atlas	
		SILVER/GOLD	PL	PA	
	INITIAL	%	%	%	
	MINIMUM	%	%	%	
	RESTORATION	%	%	%	
	FORCED LIQUIDATION	%	%	%	
17.	True or False: A/R disc at Monex:	retionary trading of	Atlas accou	nts is allowed	
18.	Atlas Accounts may no age of years such as senility or drun investment otherwise of), persons with nakenness, or person	nental or leg	al incapacity, a commodity	
19.	An Account Representative must record the required verbal disclosure a customer's first "Storage" trade. An A/R must also record the confirmation on every order taken with the customer and Monex' trading Department on the line.				
	Which answer combinat A. After Verbal B. After Written C. Before Written D. Before Verbal	tion correctly fills t	he blanks?		
20.	True or False: All corre by an A/R must be appr being sent:				
21.	True or False: An Atlas address other than U. S		oened at Mon	ex with an	
22.	When commodities are they are warehoused in words "fungible" and "in difference between seg	bulk and not ident non-fungible" are o	ified to each ften used to	customer. The explain the	
	MATCH THE WORDS TO A. Non-fungible B. Fungible	HAT DEFINE EACH 1. Mixed 2. Segrega			

23.	True or False: Every New Account must be submitted with a Customer Information Form (CIF) fully filled out and attached to the trade ticket:
24.	True or False: Every New Account must be verbally disclosed:
25.	True or False: Stops and limits are good for a maximum of 30 days.
26.	Equity calls are based upon the Monex settlement price, which is a price generally set between and
27.	True or False: Upon verbal instructions from the customer of record, Monex will ship commodities to an address other than the address on file.
28.	True or False: If a signed Atlas Account Agreement is not received within 15 calendar days of a trade the A/R will earn no index points.
29.	Sales Tax may be charged in and on trades that are less than \$ or \$ respectively.
30.	A/R's must advise their customers that a holding period ofbusiness days is required on all Personal Checks over \$50k.
31.	True or False: In all cases, money must be in house for a new customer purchasing a financed transaction prior to placing the order.
32.	An equity call will be issued on a silver position when the equity in an account drops below% minimum requirement.
33.	It is the responsibility of the to make the customer aware that an equity call has been triggered. A. Customer Services Department B. Western Union Mail-o-gram C. A/R D. General Services Department

34.	If your cumulative trades, month-to-date, have created 25,500 indepoints, your compensation rate is what percent of your total indeposo far this month?	
	%	
35.	The customer commission fee schedule for 5-9 units is:	
	%	
36.	True or False: After an A/R has opened a new account on credit, the customer may not execute a second opening trade without the CAA being signed and recorded as on file at Monex Deposit Company.	
37.	Mr. Jones calls a Monex A/R and says he has a bag of Silver Coins he purchased two years ago for \$5,803 and wishes to sell the bag back to Monex. What price do you quote him including commission? \$	
38.	A customer has 12 SB V in his account. What are his service fees on a monthly basis?	
39.	A customer living in Montana calls to buy 10 GB V for an Atlas purchase. What price would you charge per unit including commission?	
40.	Live trading ends at M-Thurs. and at on Friday.	
41.	A SB sold for delivery weighs ozs, and an SBI sold for delivery weighs ozs.	
42.	A client can bring their gold or silver to Monex in order to sell it back so long as they purchased it from us. True or False	
43.	The difference between the Bid and Ask price is called the	
44.	Mr. Jenkins is conservative and wants to buy 6 units of GB V for his Atlas account, but rather than send in the minimum 25% down, he is going to send in 60%. Fill out a trade ticket to represent this trade.	
45.	Mr. Arnold wants to buy 3 units of GB for delivery. Fill out a trade ticket for this transaction as if you were doing it.	

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mir	Mr. Holden wants to finance the purchase of 11 SB using the minimum down payment. Please detail what you would say to trading to execute this trade.			
PLI	EASE SHOW ALL YOUR CALCULATIONS:			
E 2.2	would be Mr. Holden's Break-even point per oz. after 30 days?			
	se 25% down and 7.5% interest on the loan.)			
48. Mr. H	olden would receive an equity call if the bid price of silver got to?			
	. Holden were to receive an equity call, what would his total nate call be for?			
si	at would Mr. Holden's ROI (return on investment) be if he sold his liver at the bid price of \$21.00 per ounce at the end of four [4] conths?			
	4;			

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EXHIBIT 27

Case: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 60 of 345 PageID #:890

Message

From: Sean Brazney [sbrazney@nscmail.com]

Sent: 2/7/2014 9:15:15 PM

To: Samantha Devinci [sdevinci@nscmail.com]

Subject: revised forms for the memory stick

Attachments: New Account Bonus Schedule-1revised20714.odt; Training memo clarification of a New Account revised20714.odt

Thank you Samantha!

SALES MEMORANDUM

DATE: January 01, 2007

TO: Account Representatives, MDC

FROM: Mike Maroney, MDC

SUBJECT: New Account Bonus Schedule. Effective 1/01/07

You will once again be able to earn extra cash by opening qualified New Accounts.* The 2007 program rewards an unlimited number of winners in all categories.

NEW ACCOUNT BONUS SCHEDULE:

NAIPS	#OF WINNERS	BONUS
5,000 +	Unlimited	\$2,500
4,000	Unlimited	\$2,000
1 new Atlas Account is requi	red to earn the above bonus's	
3,000	Unlimited	\$1,500
2,000	Unlimited	\$1,000
1,000	Unlimited	\$ 500
* of New Accounts	# of Winners	Bonus
12 New Accounts	Unlimited	\$500
(6 must be financed)		
6 New Accounts	Unlimited	\$200
(3 must be financed)		

*Qualifying Criteria:

- 1. Doubling does not apply to calculations for this contest.
- 2. Existing customers who make a first-time financed trade will qualify as a New Account and produce NAIPS, but no doubling "NAID'S".
- 3. Prospects who have never done business with Monex AND open a New Account with a financed trade produce NAIPS and doubling "NAID'S".
- 4. New Accounts opened with 53 cash transactions do not qualify for NAIPS if the transaction is delivery. 4M's and 5M's will still qualify for NAIPS.
- 5. Account Representatives who discount a current Account Rep's 53 trades will receive no doubling, no NAIPS and no Index.

DOUBLING FOR NEW ACCOUNTS:

The first 5,000 index points generated on first-time financed New Accounts will double, "NAID'S=6M's".

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EXHIBIT 28

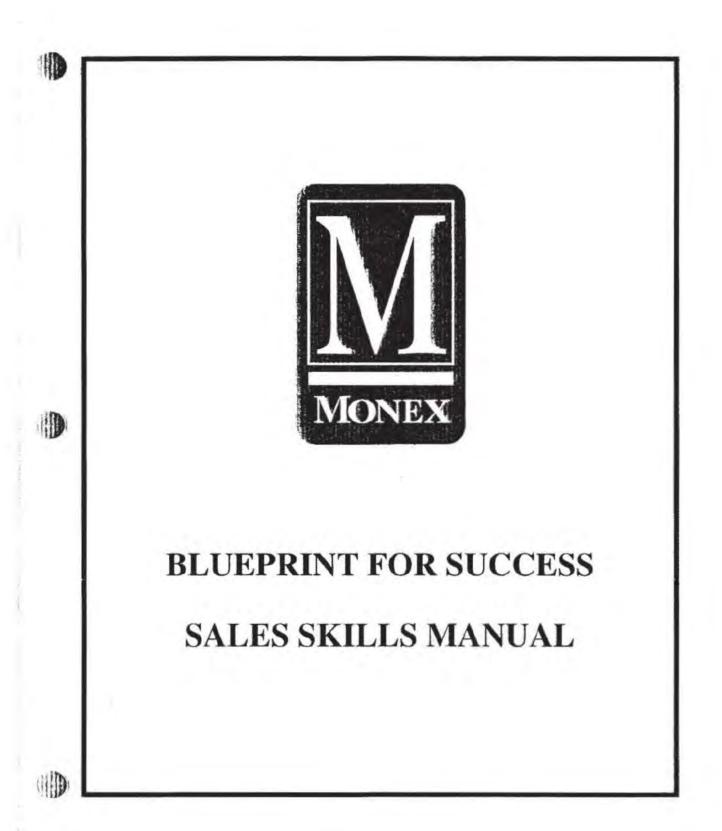


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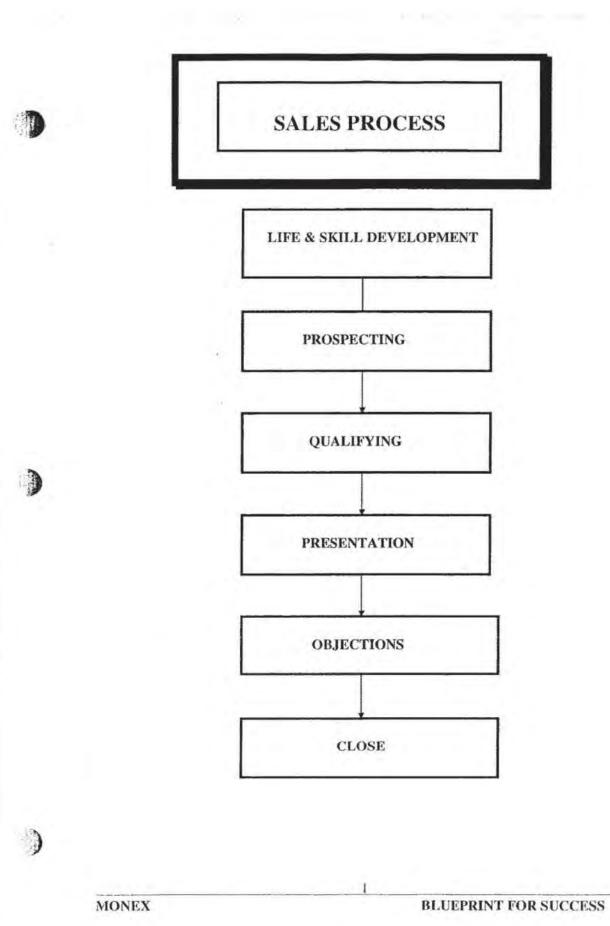
CHAPTER 2 THE PROSPECTING STEP

CHAPTER 3 THE QUALIFICATION STEP

CHAPTER 4 THE PRESENTATION STEP

CHAPTER 5 OVERCOMING OBJECTIONS

CHAPTER 6 CLOSING THE SALE



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CHAPTER 1

SALES SKILLS

As an experienced pro or a new trainee, the following ideas and methods are proven winners that will assist you in a successful career with Monex Deposit Company (Monex).

Your success in telemarketing will depend, in large degree, on utilizing many basic fundamentals that many salespeople are unaware of or do little or nothing about. Winners are results oriented and willing to give whatever it takes to accomplish their goals. They are willing to learn, change and adapt.

This manual will assist you in developing sales skills you need to be successful. It is up to you to decide to dedicate yourself to a professional career.

BE A SALES PRO

1. BECOME A GOOD LISTENER

Making sales and effectively serving your customers are goals best served by asking questions, and listening to the answers. You should start by building a series of prepared questions so that the customers will tell you what you need to know about them to most effectively assist them to reach their objectives. This will help build a long and mutually beneficial relationship. It becomes a pleasure to base your presentation around your prospect's needs, wants, desires, and goals.

2. BE ENTHUSIASTIC

Enthusiasm is contagious. It is the best known method of transferring your feeling to another person. Enthusiasm is a sign of belief that your prospect can sense. You need to be enthusiastic every day, every hour and, yes, each and every telephone call. Don't allow your telephone calls to become boring. If you aren't enthusiastic about your offer, how can you expect your prospect to get enthused?

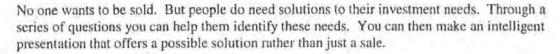
3. BE PERSONABLE

People and prospects enjoy spending time with, and talking with, someone with a pleasant personality. They will listen to, and talk with you longer and, yes, even do business with you if they like you. Practice and work at being personable.

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4. PROJECT AN ATTITUDE OF SOLVING PROBLEMS



5. LANGUAGE

Be aware of and use words that are effective. Using effective language can convey your thoughts in a way that is not only proper, but psychologically impactful. Some examples:

You can't guarantee prospects that they will make money. But you can say:

"I can assure you that we are one of the oldest and largest companies specializing in precious metals investments."

· You can't say, "It's easy to make money." But you might say:

"We make it very easy for you to get started with an investment in metals."

You can't tell them that they will be secure. But you might say:

"Once you secure a position in precious metals you will be joining other informed investors concerned about continuing devaluation of the dollar."

You can't claim that you are the cheapest. But you might say:

"Many folks have found that our fees are very competitive and they can actually save on mark-ups by other companies."

You can't predict results. But you might say:

"If you want results, I think we can agree that you must get into the game."

· You can't call everything exciting. But you might say:

"Many of our customers have found that owning precious metals is an intelligent way to add balance to their portfolios.

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You can't say you have a proven way to make a profit. But you might say:

"Silver's track record over the past 10 years shows that more silver has been consumed than produced."

· You can't say they will be a winner. But you can say:

"If gold were to increase in value by \$100 per ounce in the next year, and you had a 30% to 40% net gain, you'd feel pretty good, wouldn't you?"

· You can't assure them a profit. But you might say:

"Let's take a look at the potential that an investment in platinum might provide."

Under the heading of poor language there are two groups. First are buzzwords. Account representatives have a tendency to use them to impress, but may be talking over their prospects' heads. Use industry words sparingly unless you explain what they mean or unless your prospect uses them first.

The second category of poor language is the kind that turns off a prospect psychologically. Try to use words that have more positive connotations.

6. ORGANIZATION

To maximize the use of your time, it is essential that your efforts are organized. It is imperative that you know what to do and when to do it, to know where you are and where you are going.

a) Take Notes

Take and keep detailed notes and records of every conversation with each prospect and client. When you refer to your notes it will help you remember what you discussed with them the last time and what's important to them. This is a very positive approach because it demonstrates that you were listening to what they had to say.

b) Have A Daily Plan

Have a predetermined number of contacts that you are going to make every day. Whether they are former leads, former clients, current clients from whom you are seeking referrals, current clients to whom you will make presentations or referrals, have a daily plan and stick to it. You can't always control results, but you can always control your activity. With enough of the right activity over time, the results should take care of themselves.

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c) Keep A Daily Report

Keep track of each call, each contact, each presentation, and each sale or referral. This will allow you to keep running totals of your accomplishments and running percentages in each category. At a moment's glance you can determine if your work habits are improving or getting lazy. You will also develop a sense of how many calls you have to make to reach your contact, how many contacts you have to make to reach a qualified prospect, how many qualified prospects you have to have to make a presentation, and how many presentations you have to make to complete a sale. This will help you determine what areas to strengthen.

d) Organize Your Workspace

Keeping your area organized is a key to optimum efficiency. Have your leads organized by time zones. List both business and home telephone numbers. Calendar call-back calls by date and time. Also, place the price screen where it will not be in your way or a distraction.

7) IMPROVE YOUR VOICE AND SPEECH

This is such a critical factor and yet very few salesmen ever work to improve their voice and speech. Ads don't sell our product. Brochures don't sell our product. They can only produce some level of curiosity or interest. It is up to you and your voice to motivate a prospect. Your voice should paint a picture in your prospect's mind.

Tape record some of your calls and listen to how you sound. Do continuous self critiquing. Do you sound too tense, too weak, too loud, too soft? Are you speaking in a monotone? Are you matching your rate of speech to the rate of speech of your prospect? Do you sound excited and enthusiastic? Listen to master orators and integrate their best characteristics into your approach. Practice at home on a regular basis and continuously strive to elevate yourself to a higher level.

8) BE CREATIVE

Don't get caught in a rut of using the same material over and over again. Constantly be looking for and using new information and skills. Look for new techniques, stories, analogies, news items, quotes, predictions and examples. In other words, keep your presentation fresh and interesting.

9) BE PREPARED

Here are several ideas for total preparation:

a) Learn Your Product

Study company brochures, ads, and reports. Study all training materials and available industry newsletters and publications. Learn every feature and benefit, every advantage and disadvantage. Make your product knowledge the bedrock of your career.

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b) Know Your Investors

Learn all you can about your prospects and clients. Know their demographics and psychographics. Talk with other account representatives. Study past sales records. Know what makes your clients tick. Most Monex clients are entrepreneurial and homeowners.

c) Know the Marketplace

Learn about your competition, not just other metal dealers, but any product or service that might compete against you for your investor's money.

d) Have a Planned Format

As you will learn in this manual, the telephone sales process requires a much more structured approach than selling in person. A planned presentation will help you stay on track and guarantee that you cover all steps. Unless your memory is exceptional, you should use an outline.

e) Learn Your Craft

Don't depend on the company, or anyone else, to provide all of your training. Look for books, cassette tapes, seminars, etc. to learn new skills, techniques, ideas and closes that will help you communicate persuasively with your prospects and customers.

You now have a variety of ideas that will assist you in becoming a sales pro. By learning these proven methods, and those that follow, you should dramatically improve your probability of success.

10) INVEST YOUR TIME

You are either starting or pursuing a career with Monex. Hopefully it will be a long and rewarding one. You can join others that have over 20 years productivity with the company and its predecessors. In order to be successful, it is important in the early years that you don't short change yourself by not giving 110%. Motivated account representatives put in the time necessary to be successful. You might have to reprioratize other aspects of your life to accomplish this, but the rewards should be well worth it. As a talented and well-respected salesman who became a millionaire before he was 25 once said, "Work like no one else will for 5 years and you will live like no one else can for the rest of your life."

MONEX BLUEPRINT FOR SUCCESS

A BETTER YOU

The ideas and suggestions that follow will assist you in becoming a first-class sales professional:

1) YOU HAVE A CHOICE

You have the power to choose your friends, your neighborhood, style of dress, personality, appearance, habits, career, success, and even what kind of day you want to have. No one can make you feel bad unless you allow it. No one can intimidate you unless you allow it. And no one but you can deny you the pleasure of living the most complete, fulfilled and financially rewarding life.

You can't necessarily control a lot of the things that happen to you, but you can choose how you react to outside influences. It is up to you. You have the power to choose.

2) KEEP YOUR LIFE IN BALANCE

World class professional sales people tend to have the elements of their lives in balance. The six areas of life are:

- a) Mental A professional constantly works on his education and the control of his mind. He constantly seeks new knowledge, listens to tapes, attends seminars, and is aware that to be successful he must be alert, informed, and in control.
- Physical A professional knows that he can not be effective if he is not healthy, energetic, and motivated. He cats and sleeps properly and exercises regularly.
- c) <u>Social</u> A professional has a social life apart from his work. He has friends beyond his work and relatives. This brings balance and perspective to his life and a much broader base of support.
- d) <u>Family</u> A professional's family is a top priority. He devotes time and attention to creating a quality life for his family. He knows that financial success is empty and unfulfilling without a stable family with whom to share it.
- e) Spiritual A professional is in tune with the world around him and his spiritual nature. He knows that life is short. He knows that life has meaning far greater than his daily activities. He strives to expand his spiritual awareness.
- f) Financial A professional knows that if the rest of his life is in balance that the likelihood of financial success is much greater. He also uses his resources to benefit the other areas of his life.

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3) LOOK FOR OPPORTUNITIES

Many problems are actually opportunities. Try to figure out why something will work instead of why it won't. It's easy to join the crowd that is always telling you what's wrong with an idea or proposal. The real challenge is to stand out from the crowd. Look for the good in everything and everyone, and turn every possible negative into a positive.

4) ACCEPT RESPONSIBILITY

Start to accept responsibility for everything that happens in your life. Don't blame anyone or anything else. Instead, be willing to take the blame and the credit for everything. Once you are able to accept a mistake or failure on your own, you will be able to learn and profit from it. Once you are able to accept your achievements, you will feel good about yourself.

5) BECOME AND STAY MOTIVATED

Fall in love with yourself and be excited about your new found possibilities. When you like yourself, you will attract motivated people. When you believe in yourself, all things are possible. When you become self motivated, you will never again have to look for an outside source to pick you up.

6) USE POSITIVE WORDS OR PHRASES

Just think of how many times each day people ask you how you are or say, "How's it going?" If you use a positive word or phrase like "great," "super," or "getting better all the time," two things happen. First, after telling people that you are great or super, it gives you something to live up to. Secondly, you are programming your subconscious that you are great or super. Since your subconscious does not have the ability to doubt, it will believe this positive input and direct your conscious mind to have a great or super day.

SET GOALS

Most people spend more time planning a vacation than they do planning their life and career. If you don't know where you are going, you will likely waste time and miss opportunities and greatly decrease your likelihood of success. Here is a formula for success in goal setting.

- a) Crystalize Your Thinking Decide exactly what you want. Be specific.
- b) Develop A Plan For Achieving And A Deadline For Attainment Determine what you have to do and set a definite date to accomplish your goal. Put all of your goals in writing. If they are not important enough to write down, they are not serious goals.
- <u>Develop A Sincere Desire</u> Most people don't think that they deserve anything better out of life so they limit their efforts to maintaining their status quo. Develop a sincere desire for improvement.

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- d) <u>Have Confidence In Yourself And Your Abilities</u> Have faith that you can and will get more out of life. It's yours for the taking.
- e) Follow Through On Your Plan Develop the determination to work with and stay with your timetable regardless of obstacles, criticism, circumstances or what other people say, think, or do.

Always remember, it's not critical that you reach or exceed each and every goal on or before the due date. The most important part of setting and achieving is the person you become while reaching out for a bigger bite out of life.

8) USE DAILY AFFIRMATIONS

Daily affirmations not only focus on ideas and actions that need to be internalized, but they build a positive attitude and a sense that you are in charge of your life. Here are some examples:

- 1 am a better listener.
- 1 am proud of my appearance.
- * I am developing better work habits.
- I am learning one new close each week.
- * I am expecting good results on every telephone call.
- * I am helping other people get more out of their lives.
- I am showing my appreciation to everyone.

Daily affirmations actually become short term goals and when you expect success, you will achieve success.

9) FEED YOUR MIND DAILY

Invest a predetermined amount of time each day putting career building material into your mind. It could be improvement of selling skills, motivational material or something else. You can read books, magazines, or listen to cassette tapes. A great time to do this is during your "dead time," like driving to work or exercising.

The University of California did a study that proved that if you invest one hour a day for three years studying any subject, you will have the equivalent of a college education in that subject. If you do it for five years, you will be an expert. As a sales pro at Monex, you want to be an expert and compensated accordingly.

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The fastest and by far most effective way to learn is through spaced repetition learning. It has been proven that the subconscious mind will absorb up to 95% of a message that is heard 16 to 21 times. You may know that the subconscious is like a great computer that works 24 hours a day and does not have the ability to doubt. It will believe anything you program into it.

One other thought on feeding your mind. Don't allow people to dump garbage into your head. If someone wants to tell you something negative or displays a negative attitude, tune it out, don't allow it.

10) DEVELOP POSITIVE SELF-ESTEEM

The amount of success you achieve will depend substantially on your self-worth. Low accomplishment is only low self-esteem expressing itself. Constantly imagine and fantasize about the person that you would like to become. Pride is something you earn. When you have pride in yourself and everything you do, others will take pride in you. Believe in yourself and others will believe in you. Expect good things and you'll get good things.

You weren't put on this earth just to survive. You can be a leader and not a follower. You can be as great as you imagine yourself.

11) MAKE A COMMITMENT

Until you commit, you are only taking up space. Make the commitment now and recommit each and every day of your life. Have a purpose in life. Know where you have been, where you are now, and where you are going. Make the commitment to become the best that you possibly can.

You now have a variety of ideas that will assist you. By learning and using these proven methods, you will dramatically improve your probability of success, become more competent and earn more money.



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CHAPTER 2

THE PROSPECTING STEP

Prospecting is the first of the five basic steps of the professional sales process. It is probably the most important. After all, if you don't have a large supply of qualified prospects to work with, the rest of the skills don't matter. And if you have developed an abundance of qualified prospects, it is possible to overcome other deficiencies. If you are willing to practice, drill, rehearse, role play and use these techniques until they become habits, they will assist you beyond your wildest expectations.

This chapter is divided into six parts. In each of the parts you will receive skills, techniques, ideas and sample presentations for:

- A. QUALIFIED PAST PROSPECTS (052s)
- B. FORMER CUSTOMERS (053s)
- C. NEW CALL-IN LEADS
- D. REFERRAL CALLS

Before you pick-up the telephone to dial, however, here are a few quick ideas to get you off on the right foot.

1) Have A Firm Voice

Not overpowering, but firm enough to demonstrate that you are a professional.

2) Demonstrate Competency

Not cocky, but a feeling that you are competent to solve and serve.

Put On A Smile

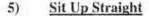
Your prospects can't see your smile, but they can sense it.

4) Dress For Success

When you look successful, you'll feel successful.

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Sit as if you were facing your prospect.

A. QUALIFIED PAST PROSPECTS (052s)

Now let's cover calling past prospect leads (052s). Realize that most of these people probably did not invest with Monex because 1) of a lack of funds at the time, and/or 2) no one was able to overcome their fears, answer their questions, discover their needs or show that our programs might possibly fill those needs.

Here is a formula to follow:

USE THEIR NAME 3 TIMES IN 5 SECONDS

The flow would be:

"Mr. Brown please. Mr. Ray Brown? Thank you Mr. Brown."

Remember, if the prospect's name can be mispronounced, you will probably mispronounce it. So check before continuing. You might say,

"Mr. Flippe please, Mr. Jacque Flippe? Am I pronouncing that correctly? Thank you Mr. Flippe."

INTRODUCE YOURSELF AND YOUR COMPANY

Here you should rhyme your name or compare it. Or, if you have a long and hard name to pronounce, use a nickname or ask the prospect to remember the initial. Here are some examples:

"My name is Bob Dole. That rhymes with goal and I'm with Monex Deposit Company."

or,

"My name is Stan Nephew, just like the relative, and I'm calling from Monex Deposit Company."

or,

"This is Tom McCraken, but everyone calls me Mac. I'm calling from Monex Deposit Company."

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Or.

"This is John Simonliske, which is hard to remember, so most people just write down John S., as in success. I'm calling from Monex Deposit Company."

GIVE THE REASONS FOR YOUR CALL AND AROUSE INTEREST

Here are some examples:

"I noticed that you responded to one of our national ads some time in the past and I'm curious as to what originally prompted your interest in precious metals?"

OF,

"In going through our records, I couldn't help but notice that even though you have had several conversations with account representatives from our company, you haven't secured a position in precious metals yet. What conditions need to be met for you to take advantage of the current opportunities?"

or,

"Some time ago you requested investment information from our company and I'd like to apologize to you. You see, if the account representative with whom you spoke had spent more time learning about your investment goals and explaining our programs, you might not have missed past profit opportunities."

ACKNOWLEDGE OR BREAK DOWN BARRIERS

One way to overcome a defensive barrier is to compliment or apologize. Many times you simply have to acknowledge, rather than try to break down, the barrier. Here are three suggested ways that will fit to almost anything a prospect may say to you:

"That's perfectly all right. You are still entitled to find out how astute investors are positioning themselves to profit from a down or up market."

and go back to your presentation or format. For the second one you might say:

"I understand how you feel. By spending a few minutes now, you'll learn about limit and stop orders. They can reduce your risk if the market moves against you."

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and go back to your presentation. If someone is really obnoxious, simply mellow out. You might say:

"I just wanted to share a couple of strategies that clients have used successfully. You can't be mad at me for that, can you?"

or, you might say:

"If I could share with you a program that is so unique that only a few firms in the entire country offer it, would you appreciate that information, or would you just think I was trying to put my nose in your business?"

If you feel they have some frustrations built up, let them get it out in the open. You might say:

"It sounds like you've had a bad experience with another company. Please tell me about it."

or,

I have the feeling I'm one in a long list of people calling you about your investment dollars. Is that right?"

You will find that they will vent their frustration for a minute or two and then become human again so you can carry on an intelligent conversation.

If they still want to hang up, you might say:

"If I could send you a free gift, and in my right hand I had a silver dollar and in my left hand a paper dollar, which one would you want me to send you?"

Then ask why, and they may well start to tell you why they are still interested in silver.

The last of your formula is:

BRIDGE INTO QUALIFICATION

This is a simple matter of telling the prospect why you need to ask a series of questions, and then getting permission to ask. You might say:

"In order to save your valuable time, I need to get your ideas and opinions about a few things. Is that OK?

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or.

"So I can completely understand your needs, it's necessary to get your answers to a few questions. Is that all right?"

or,

"We've helped thousands of investors secure a position in precious metals, but I won't know if I can be of service to you until I get your answers to a few quick questions. Is that OK?"

or,

"For over 30 years, the Monex Companies have been entrusted with customer transactions totaling more an \$18 billion. However, I won't know whether I can earn that same kind of trust from you unless you share some information about yourself. Would you do that?"

B) FORMER CUSTOMERS (053s)

Next is calling former customers. Use the same formula as before:

USE THEIR NAME 3 TIMES IN 5 SECONDS

INTRODUCE YOURSELF AND MONEX

GIVE THE REASON FOR YOUR CALL AND AROUSE INTEREST

Here are some examples:

"I recently reviewed your former account and wondered if you'd be kind enough to share with me why you decided to get out of the market?"

or,

"Last week I hand picked several former client accounts and yours was one that particularly interested me."

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or.

"I noticed that you had a profitable trade a year or so ago and was wondering if there was any particular reason for your not taking advantage of the current economic conditions that are causing concern among investors?"

or,

"I'm calling you because I thought you, as a past client, knowledgeable in precious metals, would be interested in the potential profits that I believe are available with current market conditions."

ACKNOWLEDGE OR BREAK DOWN BARRIERS

BRIDGE INTO QUALIFICATION

C) CALL-IN LEADS

When taking call-in leads, remember that they are calling for advertised information and it is up to you to generate interest. Here is the formula to follow:

GET THEIR FULL NAME

GET THEIR ADDRESS AND TELEPHONE NUMBERS (INCLUDING FAX NUMBER)

AROUSE INTEREST

Sure they have some interest or curiosity or they wouldn't have called. However, it is up to you to get them excited. You might try:

"I'm glad you called. I'd like to show you some ways that you might earn a very positive return on investments in precious metals today. That would be of interest to you, wouldn't it?"

Or,

"I'm sure you are aware of the security and diversification that accrues when you add silver or gold to your portfolio. I believe we are looking at some of the best values in recent years."

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"Since you're calling about silver, did you know that we have a program that allows firsttime customers to rescind a purchase if they are not absolutely satisfied?"

BRIDGE INTO QUALIFICATION

Since some people hadn't planned on spending any time except to request a brochure, they may not allow you to get into qualifying now. Don't allow yourself to get talked into sending anything without properly qualifying them. You might say:

"I can appreciate that you have to run now, but it is necessary that we spend a few minutes together so I make sure to send you exactly what you want. Would late this afternoon or early tomorrow morning be best for you?"

or.

"Since it is critical that I know a little more about what you're trying to accomplish with your investment dollars, would this afternoon or this evening be best for you to spend about 10 minutes with me?"

or,

"In order for me to do the best job in choosing what information to send you, I do need to spend a few more minutes with you. You do want me to do the best that I can for you, don't you.

GET THEIR ADDRESS AND TELEPHONE NUMBERS

Before going any further and investing more time, get their address and telephone numbers. Then just follow the lead form and ask questions like you expect them to be answered, Minimum information would be:

- "Have you ever called Monex before?"
- "Are you most interested in Silver, Gold, or Platinum?"
- "Are you more interested in long-term holding or short-term investment?"
- 4. "What is your occupation?"
- "If you ultimately decide to make an investment, approximately how much money will you be working with?"

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D. REFERRALS

The final section in this chapter is Referrals. Here is your formula:

USE THEIR NAME 3 TIMES IN 5 SECONDS

INTRODUCE YOURSELF AND YOUR COMPANY

GIVE THE REASON FOR YOUR CALL AND AROUSE INTEREST

Here you should use the <u>ASK/PROMISE TECHNIQUE</u> to build some obligation. You might say:

"A friend of yours, Mr. Leon Robbins, is interested in one of our investment programs. He asked me to share the details with you and I promised him I would."

or,

"A mutual acquaintance of ours, Mr. Bob Smith asked me to give you a call, and I promised him that I would."

ACKNOWLEDGE OR BREAK DOWN BARRIERS

You might say:

"That's exactly what Bob told me you would say, so don't worry. I'll do my best to help you feel comfortable with our program."

or,

"Mr. Robbins said you would probably feel that way, because he said the same thing when we first talked. However, if you'll keep an open mind, you'll discover an opportunity to invest with defined risk, while enjoying the possibility of unlimited upside potential."

BRIDGE INTO QUALIFICATION

A few final thoughts before this chapter comes to a close.

Always take for granted they can talk. Don't dare them to say no by asking if they have the time. If they do tell you they are in a conference or eating supper, etc., be ready to apologize and set your call back time. You might say:

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"I'm sorry, I should have asked if it was convenient to talk now. Since it is critically important that we spend several brief minutes as soon as possible, would 4:30 or 7:45 p.m. today be best for you?"

Always get on a first name basis as soon as possible, with the exception of clergy, etc. You might say:

"By the way, my friends call be Bob. What do your friends call you?"

or,

Feel free to call me Bob. May I call you Leon?"

or,

"I like to feel comfortable with people I'm chatting with. What do you prefer to be called? Great. Please call me Bob."

or,

"I sure don't know if we can help you make a winning investment, but I'd at least like to make a friend. What do your friends call you? Fine. Please call me Bob.

Now you have a variety of skills, techniques, and ideas to approach a prospect. They won't come naturally. You will have to practice, drill, rehearse, and role play them numerous times before they become habits. You might have to change a few words, or create a sequence that works best for you. And, of course, not every skill, technique, or idea will work for every salesperson with every prospect in every sales situation. But by learning and using these proven methods, you should dramatically improve your probability of success, become more competent, provide better service to your customer and earn more money.

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CHAPTER 3

THE QUALIFICATION STEP

Welcome to Step 2 of the five basic steps of the professional sales process, the qualification step. As with all of the chapters in this series, you can be assured of one critically import fact. These skills, techniques, and ideas are proven winners and will assist you beyond your wildest expectations if you are willing to practice, drill, rehearse, role play, and use them until they become habits.

This chapter is divided into six parts. The first covers the situation in which the Atlas Account Brochure and Agreements have already been received by the prospect. The other five parts will cover a different point in the qualification formula, plus a variety of skills, techniques, ideas, and possible wording to:

- A) MAKE SECOND CALL PRESENTATIONS
- B) DETERMINE THE PROSPECT'S NEEDS
- C) DETERMINE FINANCIAL CAPABILITIES
- D) DETERMINE WHO AND HOW DECISIONS ARE MADE
- E) DETERMINE POSSIBLE CONCERNS AND OBJECTIONS
- F) ESTABLISH CRITERIA FOR THE CALL BACK

Before you start to qualify, however, here are a few quick skills, techniques, and ideas to assist you.

There are two types of basic questions: The **CLOSE-ENDED QUESTION**, which only requires a yes or no or limited response answer and gives you virtually no information; and the **OPEN-ENDED QUESTION** that requires the prospect to give you more information.

If you use an open-ended question and still receive a limited response, here are two great techniques.

The first is the "OH" TECHNIQUE. After receiving a limited response, you simply say:

"Oh?

It almost demands that they give you additional information.



The second is the "TELL ME MORE" TECHNIQUE. After receiving a limited response, you simply say:

"Tell me more about that."

It requires them to give you more details.

It's also important to HAVE A LIST OF PREPARED QUESTIONS so you can concentrate on listening to the prospect's answers instead of thinking about what you're going to ask next. You'll find that the prospect may tell you exactly what you must say and/or do to consummate a transaction, if you allow him.

Two other important suggestions: ASK QUESTIONS TO WHICH THE PROSPECT KNOWS THE ANSWER. If the prospect knows the answer, it's more likely that they will like you. If they don't know the answer, they are less likely to like you.

Secondly, <u>SHUT UP AND LISTEN</u>. When you ask a question, give the prospect every opportunity to answer without interruption. It's okay to <u>Be An Active Listener</u> by making comments like, "I see," "okay," "right," etc. Or you can say:

That's a very good question, and I'll cover that in detail in just a minute."

and go back to your list of questions.

Another way is the <u>ANSWER-QUESTION TECHNIQUE</u>. Account Representatives often find prospects that show interest by asking questions. Sometimes the prospect will ask a bunch of questions right off the bat. Ten minutes later he can have all his questions answered and the Account Representative still knows nothing about him. In such cases, you could have your brain picked and get nothing in return. To avoid this, when you answer the prospect's question, immediately respond with a question relating to your answer. This keeps you in control and gives you more information. Here are some examples:

If they ask "How long have you been in business?" You might say:

"I'm pleased to tell you that the Monex Companies have been in the precious metals business for over 35 years. Is the reputation of your precious metals company important to you?"

Or if they ask, "What hours are you open for trading?" You might say:

"We customarily maintain a two-way buy-sell market eleven hours a day. Why? Is liquidity important to you?"

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Or if they ask, "Do you sell silver coins?" You might say:

You can invest in either U.S. or Canadian silver coins. Why? Were you more interested in coins rather than bullion?"

An additional technique is the NEXT CALL TECHNIQUE, You might say,

"That's a question that I would like to save for our next conversation. After I've sent you our brochure and explained the downside risks, as well as the upside potential, I believe it will make more sense at that time. Is that fair enough?"

Remember that in many cases your prospect is not asking questions to get reasons to go ahead and invest. They are actually looking for reasons not to.

A. SECOND CALL PRESENTATIONS

This section on <u>Second Call Presentations</u> should only be made if the prospect has received the Atlas Account Agreements. You have set a call back day and time, have an agreement to spend an amount of time, and established criteria for a sale on this second call. Thus, your formula would be as follows:

INTRODUCE YOURSELF AND YOUR COMPANY

Build An Obligation

Here you want to remind them of the appointment and the time they agreed to spend and build even further obligations. You might say:

"As promised, it's 3:00 p.m. on Thursday and I've spent a considerable amount of time preparing a proposal for you that will require the 20 minutes or so that we agreed to spend together."

Arouse Interest

It's usually necessary to get their degree of interest back up to the level it was during your first conversation. You might say:

"Before we get involved in all of the facts and figures, I want to share something very exciting that happened yesterday that could have a profound effect on your decision. So get a pen and paper and bring it to the telephone. I'll hold on.

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Acknowledge Or Break Down Barriers

If needed, you might say:

"That's exactly why my company requires me to take the time to explain not only upside potential, but also downside risks. You see, we all have a fear of the unknown, and that's perfectly all right to feel that way. Go get a pen and paper and bring it to the telephone. I'll hold on."

or,

"If there are still things that you don't understand after I have gone through our investment program with you, I will answer or get answers to all your questions. It will help to write certain things down as I go through my presentation. Please get a pen and paper and bring it to the telephone. I'll hold on."

or,

"That's perfectly all right. In fact, those same concerns keep a lot of people from ever taking that first step towards possible financial freedom. I'll help you understand, so go get a pen and paper and bring it to the telephone. I'll hold on."

Review The Qualifying Information

Here it's important to review and get agreement on the main qualifying points from your last conversation. You might say:

"During our last conversation you said that a capital investment in the range of \$20,000 to \$30,000 would be a comfortable one for you, correct?"

and

"Those dollars are liquid and available now aren't they?"

and

"Oh ves, you did say you make your own investment decisions. Is that correct?"

Bridge Into Presentation

You might say:

"I'm pleased to tell you that what you want is available. Here's how it works."

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or,

"Based on what you've told me. I've put together some exciting possibilities for you."

or,

"Since you're looking for short term profit, but with defined risk, I think you're going to love the proposal I have for you."

or,

"Taking everything into consideration, we have two programs to choose from that might help you accomplish your financial goals."

Reconfirm Criteria For A Sale

As you will find out in the qualification step, you have already confirmed your criteria for a sale at the end of the first call. Now you reconfirm it. You might say:

"As I promised in our last conversation, I will take the time to explain our program in detail and answer your questions so you will be in a position to make an intelligent investment decision today while the facts are still fresh in your mind. Is that fair enough?"

or,

"I will explain our program in detail and answer all your questions. That way, by the end of our conversation, you will be able to decide whether to take advantage of this opportunity while the facts are still fresh in your mind. That makes sense, doesn't it?"

B. DETERMINE THE PROSPECT'S NEEDS

Here are some possible questions:

"What originally prompted your interest in precious metals?"

"In considering an investment in precious metals, were you more interested in short-term profits or holding for long-term appreciation?"

"Tell me a little about your family?"

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"What does your job involve?"

"What was one of your most successful investments, and why did you like it?"

"Without causing too much pain, tell me about the one you don't brag about, and what you didn't like about it."

What's the one goal, above everything else, that you want to accomplish with your investment dollars?"

"Tell me about your investment portfolio."

Have you noticed that instruction statements are mixed in with your questions? This will start to give you clues as to the strength of your prospect's personality.

Another technique that is necessary to use often in your qualifying is the <u>LAYERING</u>

<u>TECHNIQUE</u>. Many times a prospect doesn't give you the right answer and you will have to layer 1, 2, even 3 additional questions on the same subject. An example would be:

"What would you like to accomplish with this investment in precious metals?"

And your prospect says:

"Make a profit."

Now that isn't much better so you need to layer again by saying:

"You know most financial planners do recommend that we put something away for a rainy day, but what's the one thing above everything else that you would want to save for?"

And your prospect says:

"Well, a second home."

Now you have a definite need, desire, life objective, or goal to work with.

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To help get them thinking positively, you would ask:

"If your banker telephoned tomorrow morning and told you that someone just deposited \$10,000 in your account, tax fee, and that it was all yours with one catch. You have to spend it all by the end of the day. What have you always wanted to do for your wife, family, or even yourself?"

continue . . .

"Now next question is critically important and will be held in strictest confidence. What are your annual income and approximate net worth?"

and

"If you found a program that you felt comfortable with, would you be in a cash position to take advantage of it?"

and

"Are these dollars liquid and available now?" "Where would they come from?"

and

"If you liked a program that requires \$20,000 to \$30,000 to get started, would that present a problem?"

A couple of ways to discover additional money is to use the **PROBE TECHNIQUE**. When they give you an amount, you might say:

"Oh really."

or,

"Shoot."

On a disappointed tone, they will usually come back with a question like, "What's wrong?" or "Is that enough?" This gives you the opportunity to talk about a larger order, multiple positions, volume discounts, etc.

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The JUST SUPPOSE TECHNIQUE is especially effective with a negative prospect that is cooperating with you, but is constantly throwing in negative comments. You might say:

"I know this makes you nervous, but just suppose you were to go ahead. What are some of the things you like about it?"

Or,

"Even though this investment would require redirecting some of your investment dollars, which I know you say you don't want to do right now, just suppose you were to go ahead. What do you see happening in precious metals over the next 6 months?"

The ADDITIONAL FUNDS TECHNIQUE will help to find out the actual amount that they can comfortably work with. You might say:

"You mentioned that you wanted to start in the \$20,000 range, which is fine. However, occasionally there is an exceptional opportunity that appears to come along. This might only be once or twice a year, but it would be something special. When I run across what I believe is a unique situation, would you have any additional funds to invest? Without making any definite commitment, how many additional thousands could you put your hands on quickly?"



Depending on which program you are discussing, there might be a possibility of a collateral call. Make sure they are in a position to protect themselves. You might say:

"I have a couple of ideas and strategies to share with you the next time we talk and one of them could require additional back-up funds to protect yourself in case the market moves against you. How much additional capital would you feel comfortable keeping aside for a cushion?"

As a separate thought, if you don't have a prospect that qualifies to be a client under your criteria, don't force it. There are too many fine people out there that need precious metals and have the financial where-with-all to comfortably get involved.

D) DETERMINE HOW DECISIONS ARE MADE

Additional questions that can give you valuable information about your prospect could be:

"You consider new investment opportunities with an open mind and make your own decisions, don't you?"

"When you make a decision of this importance, do you like to do it while the facts are fresh in your mind or do you prefer to wait awhile and mull it over?"



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"How did you make your last major investment decision?"

"If you found a solution to your problem and it made sense and fit into your budget, would you act on it or sit on the fence and think about it?"

"Is there anyone else who would be involved in your decision-making process?"

"What type of background do you have in precious metal investments?"

"Are you serious about an investment in precious metals, or are you just kind of looking around out of curiosity?"

"If you found a program that you like, that fit your investment budget and you felt comfortable with the account representative and the company, would there be any reason for not going ahead?"

Occasionally you will run into a prospect that claims to be perfectly happy with his present investments. You might want to use the 4 QUESTION SERIES for this one:

- "If you were to consider a new investment, what are some of the things you would expect from it?"
- 2. "What is your current account representative doing that you're not completely happy with?"
- "Why are these things important to you?"
- 4. "If I could do all of the things you wanted done and wouldn't do any of the things you didn't want done, could I at least earn the right to work with a small part of your investment portfolio?"

E) DETERMINE POSSIBLE CONCERNS AND OBJECTIONS

Now it's time to <u>Determine Possible Concerns and Objections</u>. It's important to remember not to argue, fight, defend, or try to handle objections at this point. All you are doing is gathering information for your presentation when you call back.

You can keep control of the conversation by simply using the <u>ACKNOWLEDGE AND</u> <u>QUESTION TECHNIQUE</u>. When they bring up a concern, you might say:

"I can appreciate how you feel. What risk factors do you feel most strongly about?"

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or,

"Some people do think that \$20,000 is a bit much to start with. What amount do you have in mind?"

or,

"I can understand your concern about doing business over the telephone. Why do you think you would feel more comfortable with a local company?"

or,

"You know most folks tell me that they would want to watch the market and I'm curious as to exactly what sign you would be looking for?"

Another way to handle it is the <u>FEED BACK TECHNIQUE</u>. Although, be careful not to be arrogant or challenging when you feed back their exact words. If they say:

"That's more money than I wanted to start with."

You say:

"That's more money than you wanted to start with?"

or,

"I'd want to talk to my accountant."

You say:

"You'd want to talk to your accountant?"

or,

"I don't think I'd really be comfortable with platinum."

You say:

"You don't think you'd really be comfortable with platinum?"

In all of these examples you are putting the prospects in a position where they must explain or justify their statement. In most cases you will get more valuable information.

You can even have a little fun with the competition without knocking them.

If they say: "I'm doing business with Rainbow Metals and I'm very happy."

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You say:

"You're doing business with Rainbow Metals and your happy?"

The last technique in this section is the **GRACEFUL EXIT TECHNIQUE.** Occasionally the prospect may say, "That's none of your business," or "That's private information." You simply smile and say:

"I'm sure you can appreciate my asking that question because I need to know certain information in order to offer a solution to your problem. You can't be mad at me for that, can you?"

or,

"In order for me to do the most professional job for you, it's important that I know this information. You do want me to do the best for you that I can, don't you?"

Now your qualifying is almost over. There is one final question before you get into the last section of this chapter. You wrap everything together by saying:

"Is there anything else I need to know in order to understand your investment needs?"

Many times this will smoke out something, or even remind them of an item that they meant to bring up earlier.

F) ESTABLISH CRITRIA FOR THE CALL-BACK

The last section on this chapter is designed to <u>Establish Criteria for the Call Back</u>. You want to accomplish several points before ending the call.

SET APPOINTMENT AND ALTERNATE

You might say:

"I'll get this material out to you by first class mail tomorrow morning. You should have it in a few days. Can you give me an honest 15 minutes next Tuesday afternoon, or would Wednesday morning be best for you? Wednesday morning? Fine. Which is best for you, 8:45 or 10:15 a.m.? Great. I'll write that down in my appointment book, and would you please do the same. That's Wednesday the 22nd at 10:15 a.m. Now, just in case the market is volatile at that time and I am tied up, what is another time that day, or the next, when I can reach you and you will have some time to talk?"

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You might say:

"In the material we send to you, you'll notice the Atlas Account Agreements. I can't begin to stress enough the importance of doing two things, reading them through completely and writing down any questions and concerns you might have so we can discuss them.

ESTABLISH CRITERIA FOR A SALE

Here you will actually get your prospect to agree to make a decision the next time you talk. You might say:

"Will you do me one favor between now and next Wednesday at 10:15 a.m.? As you're reading over the material, please write down any questions or concerns you might have. When we talk next, I will take the time to explain our program in detail and answer your questions. Then you'll be in a position to make an intelligent investment decision while the facts are still fresh in your mind. Is that fair enough?"

Now, you have a variety of skills, techniques, and ideas for the qualification step. It's simple when you know how, isn't it? Not easy, but simple. The skills, techniques and ideas won't come naturally. You will have to practice, drill, rehearse, and role play them before they become habits. Of course, not every skill, technique, or idea will work for every account representative with every prospect in every sales situation. But by learning and using these proven methods, you should dramatically improve your probability of success, become more competent, and earn more money. And that's what you really want, isn't it?

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THE PRESENTATION STEP

Welcome to Step 3 of the five basic steps of the professional sales process. As with all of the chapters in this manual, you can be assured of one critically important fact: These skills, techniques, and ideas are proven winners and will assist you beyond your wildest expectations if you are willing to practice, drill, rehearse, role play, and use them until they become habits.

This chapter is divided into 3 parts:

- A) PREPARING FOR THE PRESENTATION
- B) MAKING THE PRESENTATION
- C) FINALIZING THE PRESENTATION

Each part will include skills, techniques, ideas, and possible wording to use, whether you are presenting cash or financing.

A. PREPARING FOR THE PRESENTATION

Since you have determined your prospect's buying motive in the qualification step, you should structure your presentation to one of the following:

PROFIT

FEAR OF LOSS - which can also include self-preservation

PRIDE - which can also include pleasure, comfort, love, and prestige

IMITATION - which can also include rivalry and conformity

One of the most effective techniques to use in your presentation is to <u>Get the Prospect Physically Involved.</u> You might say:

"We will need a pen and paper for you to jot down some key points. I'll wait while you get them."

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or,

"Please get a pen and paper and bring it to the telephone. I'll hold on."

The next technique should be used to simplify the presentation in your prospect's mind. It's called <u>Give Him A Choice</u>. You can tie in one of the four buying motives and get the prospect physically involved all at the same time.

For FEAR OF LOSS you might say:

"The decision you'll be making today is simple. Please write down #1 'Continue to worry about inflation eroding away your dollars'; or, 'Trade some of those dollars for precious metals."

For PRIDE you might say:

"You really have an easy choice today. Please write down #1 'Keep your hard-earned money in those tech stocks'; or #2 'Enjoy the pride that comes with owning gold bullion."

For **IMITATION** you might say:

"I'm going to ask you to make a very simple choice before we hang up today. Please write down #1 'Continue with your present portfolio"; or #2 'Join many of the experts and add some gold."

For PROFIT you might say:

"The decision you have to make today is simple. Please write down #1 'Stay in the roller coaster stock market'; or #2 'Secure a position before metals make their next historic move."

The next suggestion is to Ask the Prospect Where He Thinks Precious Metals Prices Are Going. You'll find that many times, if you give prospects predictions and forecasts, they will argue or disagree. Instead ask them what they think the price will be in 3 to 6 months, or 2 to 3 years.

If they need some help you might say:

"How do you feel gigantic annual budget deficits and the horrific national debt will affect gold in the coming years?"

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You should also be prepared with facts, figures, stories, and analogies to give them one or more Reasons to Invest. These reasons to invest might include:

- Recent to Impending Events: This could be economic, political, recent price changes, etc.
- <u>Chart Signals:</u> This could be open interest, resistance levels, double or triple bottoms, moving averages, a key reversal, etc.
- · Historic Movements: Such as seasonal, elections, etc.
- <u>Diversify Portfolio:</u> This could be adding for short-term speculation or long-term appreciation, etc.
- Expand Existing Position: This could be averaging up or down, adding another metal, etc.
- Predictions: This could be a major position change, etc.
- Speculative Activity: This could be an up or down movement, a different group of buyers, etc.
- <u>Supply and Demand</u>: This could be mining costs, increase or decrease in production or usage, new uses, etc.
- · Ratios: Between metals or currencies.
- · Premiums or Discounts: On coins.
- Hedging: This could be taking an opposite position with a different metal.



B) MAKING THE PRESENTATION

Your presentation should be tailored to each prospect based on his/her/its needs, buying motive, mental makeup and financial capabilities. A little common sense goes a long way in developing a long and rewarding relationship with a customer.

The way to tailor each presentation is with a technique called <u>CHUNKING</u>. There are four parts of chunking. All four should be covered in an effective presentation. They are: <u>You and Your Qualifications</u>; <u>The Company and Details</u>; <u>The Investment and Details</u>; and <u>The Benefits of Acting Now.</u>

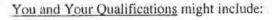
You and Your Qualifications

The first part of chunking is to have the prospect know you. It is a fact that people buy from friends. To become a friend, you must know the customer and he must know you. He must like you and want to listen to you. He needs to know that, while motivated to make a sale, you really only want to make a sale with his best interests at heart. Information that the prospect has about you should be relevant and accurate. It should add details that are important to him. The dialogue you have in this area should create a bond between you and your future customer.

Make a list of items you might want to cover in the You and Your Qualifications section.

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- Length of service with Monex.
- · Length of service in the financial industry.
- · Recommendations by other clients.
- Knowledge of the markets.
- Personal experience with precious metals.
- · Familiarity with the financial markets.
- Genuine caring for customers.

Keep in mind that <u>You</u> must be relevant to the prospect from his point of view. That is why background information about the prospect is so important. If you know him, you can more easily get him to know you.

Company and Details

The second part of chunking is the <u>Company and Details</u>. Based on qualification you should be prepared to discuss what your prospect has expressed an interest in.

Make a list of what items you might need to cover for the Company and Details.

The Company and Details might include:

- · A brief history of the company.
- The Monex group of companies have been in business over 35 years.
- References.
- · Trading hours.
- Storage details.
- · Full service.
- Specialist in precious metals.
- · Pricing.

It is important to stress that your prospect doesn't want to hear all you know. If they expressed a concern about credibility, insert one or two minutes on that subject. If your prospect didn't bring it up, don't waste your time and his telling him about something he either already knew or doesn't need to know. Many salespeople spend ten minutes selling and another twenty minutes buying it back. Also, have the prospect write down the key points as you cover them.

The Investment and Details

The third part of chunking is the investment itself. Based on qualification you should be able to recommend fully-paid cash, financing, commodity loan, or a combination thereof, and whether you think the investment should be in gold, silver, platinum, or palladium bullion, or coins, or a combination thereof.

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In The Investment and Details you should be prepared to discuss some of the following:

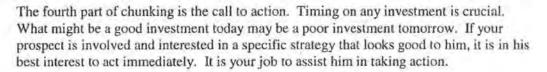
- A brief history of the metal.
- Current situation of the metal.
- · Projected future and basis.
- Increments available,
- Financial details.

Depending on the type of program (fully paid cash, or financed, or commodity loan) you are discussing, you must know and disclose applicable terms and risks.

It is also a good idea to remind customers of costs that <u>are not</u> part of Monex' transactions. Monex customers do not pay annual fees, application fees, appraisal fees, title fees, rollover fees, or close-out fees.

As with any of the steps, it is critical that you have a format, outline or check list to know that you have covered each and every point. Also, have your prospect write down the key points as you cover them.

Benefits of Acting Now



The logical result of a good presentation that addresses the prospect's needs and abilities is his decision to own. As a professional, it is your responsibility to help him make the decision now.

Make a list of reasons why acting now will be beneficial. The list of <u>Benefits of Acting</u> <u>Now</u> might include:

- · Impending events which may cause the market to move favorably.
- Historical evidence that suggests the likelihood of a profitable move.
- · Peace of mind.
- Questionability of better timing.
- Changes in supply or demand fundamentals.

When the prospect makes the decision to buy or sell, based on sound reasoning and emotional gratification, you will have a happy and satisfied customer.



Now that you know what to cover, here are some techniques to help you say it.

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The first one is called <u>TIE DOWNS</u>. A tie down is an affirmative statement to which you attach a question. Examples would be:

"That's certainly impressive, isn't it?"

Or.

"That's one of the main reasons we are America's most trusted name in precious metal investments, wouldn't you agree?"

A variation is the <u>ASSUMPTIVE TIE DOWNS</u>. Here you make an assumptive statement and put a question on the end of it. Examples would be:

"You do want to diversify your investment dollars, don't you?"

Or,

"It is important to protect yourself against inflation, isn't it?"

or,

"You are interested in the possibility of short-term profit, aren't you?"

The next point covers <u>Features and Benefits</u>. When giving a prospect a feature, tell him what it will do for him. In addition, you can put a tie down at the end of a statement for further reinforcement. Examples would be:

"We customarily maintain a two way market, 11 hours a day. That's a good feeling isn't it? Write that down as benefit #1."

or,

You will get immediate telephone confirmation when you place an order, which means you don't have to risk your price advantage waiting for a floor confirmation. You have to like that, right? Write that down as benefit #2. 'Immediate confirmation.''

Use as many of the five senses as possible throughout your presentation. Although taste and smell will challenge your imagination a little, touch, sight and sound are extremely easy.

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	bing us where it hurts, aren't they?" cople Invest Emotionally and then Justify the Investment with
or,	
"The first time you hold y monarchs enjoyed."	your gold coins you'll know the satisfaction that kings and
or,	
"Is this starting to feel me	ore comfortable to you?"
Examples for <u>TOUCH</u> mig	ght be:
"I think you'd enjoy wat	ching this investment grow, wouldn't you?"
or,	
"This certainly looks imp	ressive. doesn't it?"
or,	
"Can you see the profit p	otential?"
Examples for SIGHT mig	ht be:
I think you can hear opp	ortunity knocking, can't you?"
or,	
"That has a nice ring to	t, doesn't it?"
or,	
"I know you'll like the se	ound of this.

A great technique for making a point is **MID-SENTENCE PAUSING.** Many salespeople stop at the end of a sentence for a breath and find out they get a lot of interruptions. The way to minimize this is to pause for breath and effect in the middle of a sentence. Most people believe it is rude to interrupt when someone else is still talking.

Occasionally a prospect will sense that the presentation is approaching the point of having to make a decision and will try to throw you off your pace with a statement question. This is an opportunity to use a technique called MID-STREAM FOCUSING to maintain the train of thought. If they say, "I don't know if this is really for me." You might say:

"I'll be happy to focus on that in just a few minutes. First, let me finish my explanation of the benefits that I believe this investment would have for you."

C) FINALIZING THE PRESENTATION

There are several things that can happen to bring about a sale. One is to listen for <u>Buying Signals</u>. Since most people find it difficult to come right out and say, "I want to get started, sign me up." Many times they will give you a buying signal. As an example, if you used a tie down like, "That would certainly make you feel comfortable, wouldn't it?" and they say, "Boy, it sure would. That's really great." You simply verify a sale and wrap up the details.

Many times a buying signal is just that obvious, but not to the untrained ear. Listen for buying signals, recognize them, and act on them.

A technique to use to possibly bring about a sale is the <u>Trial Close</u>. The beautiful thing about this is that it only asks for an opinion and not a decision. It tests the water to determine how close your prospect is to making a commitment.

As an example, if you say:

"Based on everything we've discussed, how do you feel?"

If the prospect says, "I don't know. I'm still concerned about the credibility of your company." Now you know you need to back-up and do a better job on that point. Or, they may say, "I feel very comfortable starting with 2000 ounces." Wrap up the details and close.

Here are a variety of suggested trial closes:

"It sure seems this is what the doctor ordered. What do you think?"

or,

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prospect. Maybe you car	on't ever confer your values or your ability to invest on your a't afford \$20,000, or \$50,000, or \$100,000, but that may be a drop spect. Don't allow you inability to invest that amount come across
will tell you exactly what	nould be fun. They can relieve tension and at the same time they you still have to do to finalize the transaction.
	nple as any other question.
"What else do you need	I to know to give it a 10?"
After they tell you, ask M	fr. Prospect:
"Why did you give it a	7?"
After they tell you, ask:	
ready to secure a positi what number would yo	ur interest in this proposal from 1 to 10, with 10 being you're on, and 1 being that you don't even want to talk to me again, ou give it?"
or,	
"Have you got yourself	convinced, or would you like me to tell you more?"
or,	
"Just suppose I asked	you for a yes or no right now, what do you think it would be?"
or,	
"If you were to make a	decision right now, which way are you leaning?"
or,	
"I'm excited about get	ting you started. How do you feel?"
or,	
"How does this look to	you compared to your stock holdings?"
or,	

Constantly be on the lookout for new stories, analogies, humorous examples, unusual experiences, comparisons, etc.

Anything and everything to make your presentation more interesting, intriguing, educational and, yes, even entertaining, is useful. Prospects love to be entertained. Keep your performance fresh and exciting and you will be giving more effective presentations and finalizing more transactions.

Now you have a variety of skills, techniques, and ideas for the presentation step. They won't come naturally. You will have to practice, drill, rehearse, and role play them many times before they become habits. Not every skill, technique, or idea will work for every salesperson, with every prospect, in every sales situation. But, by learning and using these proven methods, you will dramatically improve your probability of success, become more competent, serve your customers better, and earn more money.

The following page is a work sheet to assist you in developing a standard context for your presentation. It is critical that the prospect **LIKES** you and has reasons to **LISTEN** to you; that he is comfortable with the company; that he understands the investment; and that a sense of urgency is created. Don't skip this step. If this area is prepared properly and practiced, your success will increase many fold.

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CHAPTER 5

OVERCOMING OBJECTIONS

Welcome to Step 4 of the five basis steps of the professional sales process. As with all of the chapters in this manual, you can be assured of one critically important fact: These skills, techniques, and ideas are proven winners and will assist you beyond your wildest expectations if you are willing to practice, drill, rehearse, role play, and use them until they become habits. This chapter is divided into three parts.

- A) REASONS AND TYPES OF OBJECTIONS
- B) SKILLS AND TECHNIQUES FOR HANDLING
- C) EIGHT-STEP FORMULA

A) REASONS AND TYPES OF OBJECTIONS

Don't ever fear an objection. Instead, welcome it. An objection is a sign of interest. Whenever a prospect gives you an objection, no matter what they say, pretend they are handing you a note that says, "Dear Salesperson – Based on what you've told me so far, or based on what I understand about what you've told me, my answer is no. Please give me more information so I can say yes." In other words, he has not made a decision yet, but he is giving you information you need to solve his problem and thereby make a sale, which will be helpful to both of you.

An objection, very often, is a reason for not committing that arises out of your prospect's lack of understanding. In such cases, it is usually based on insufficient information. Here are the three categories of objections:

NEED

The prospect isn't convinced that this investment fits his/her needs. You need to go back and review the prospect's goals and tie in the appropriate benefits.

FEAR

The prospect isn't convinced that the possibility of a gain is greater than the possibility of loss. You need to sell logically, but with emotion, and appeal to the natural desire to want more.

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VALUE

The prospect isn't convinced that your investment is worth what you are asking for it. You need to justify price by building value. Stress logical features and benefits.

Objections will occur at three different times:

The Early Brush Off. This would include:

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"I'm too busy to talk now."
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<u>During the Presentation.</u> These usually have to do with your company or your investment. They would include:

The <u>Late Objection</u>. These would come up at the end of your presentation and would include:

If these sound familiar, they should. People have been using the very same ones forever because they work. In many cases, they are nothing more than stock or reflex responses that the individual is used to using. Sometimes the prospect can actually be testing you a little to see how much you really believe in what you are recommending.

It's very simple to be better prepared than you prospect. Make a list of every possible objection that you can think of. And then prepare at least three responses to each objection. That way you shouldn't be caught unprepared or fear objections again.

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[&]quot;I'm not interested."

[&]quot;I don't have any money."

[&]quot;It looks too risky."

[&]quot;If I'm interested, I'll call you."

[&]quot;I'm leaving on a trip, call me in a month," Etc.

[&]quot;It costs too much."

[&]quot;I'm satisfied with what I have now."

[&]quot;It's too complicated."

[&]quot;I don't like it."

[&]quot;I got burned before."

[&]quot;I don't know anything about your company."

[&]quot;Your fees are too high." Etc.

[&]quot;I want to think about it."

[&]quot;I have to talk it over with someone,"

[&]quot;I don't have the money now."

[&]quot;I'm not in any hurry." Etc.

B) SKILLS AND TECHNIQUES FOR HANDLING

Following are a variety of skills and techniques to assist you in handling objections.

The first technique is called the <u>CATCH ALL</u>. No matter how good you get, occasionally a prospect will make a statement or ask a question that throws you off track. This technique will allow you to buy a little time and gather more information.

You might say:

"You must have a very good reason for saying that (or asking that). Do you mind if I ask what it is?"

There are 3 Times to Handle objections:

- BEFORE THEY OCCUR. This is by far the best possible time to handle the ones
 that repeatedly pop up to haunt you. By bringing it up before the prospect, you
 actually take the role of the aggressor instead of defender.
- WHEN THEY OCCUR. There are a variety of techniques and skills in this
 chapter and the eight-step formula in the next section to assist you.
- AFTER THEY OCCUR. If you don't want to interrupt your flow by stopping to handle an objection, you might say:

"That's a very good point and I'll cover that in detail in just a few minutes."

And go back to your presentation or format to keep on track.

Here are a few techniques to use on the prospect that seems to have a list of prepared objections. The first is the **ISOLATION TECHNIQUE**. After about the second or third objection, you might say:

"In addition to those, do you have any other questions or concerns that I should add to this list?"

or,

"As long as I'm writing these down, any others?"

Here is one that you can have a little fun with, particularly if you feel that they are toying with you. You might say:

"I'm kind of curious. Is that really a serious objection, or are you simply testing my sales skills?

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OF,

"Oh, I get it. You're just trying to see how much I really believe in this investment, aren't you?"

Many times you can use the UNEXPECTED QUESTION TECHNIQUE to get information that your prospect hadn't really intended on giving you. Don't use it as a challenge, but with a curious tone of voice. The objective is not to pressure the customer, but to uncover additional information that will help you serve the customer better. If they say, "It costs too much," you quickly ask:

"How much is too much?" or "Compared to what other company?"

or, if they say they can't afford it, you quickly ask,

"When could you afford it?"

or, if they say they don't have the money, you quickly ask:

"When will you have the money?"

You'll be amazed at the answers you will occasionally receive, if you only ask.

The <u>FEEDBACK TECHNIQUE</u> was covered in the qualification step and it can be used effectively with objections. You feed back word-for-word what your prospect says, and pose it as a question to get him to explain or justify what he said.

If they say, "I want to watch the market awhile," you ask:

"You want to watch the market awhile?"

The <u>SWITCH-OFF TECHNIQUE</u> is great for turning a negative into a positive by switching your prospect's base of thinking.

If the prospect says, "That's more money than I wanted to invest," you ask:

"I think the real concern in your mind is whether or not you'll receive the return on your investment that you desire. Is that correct?

If the prospect says, "I want to wait awhile," you ask:

"I believe your real question is, 'What are the advantages of starting now?' Isn't that right?"

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If the prospect says, "That's more money than I wanted to invest," you ask:

"I'm sure that what you are asking is how can we do more for you than your local broker. Is that the real question?"

The next idea is the **ESCAPE TECHNIQUE.** Occasionally a customer may misinterpret your enthusiasm and experience as pressure. Here you may want to apologize for the misunderstanding and indicate that you are merely being enthusiastic about this opportunity.

You might say:

"I want to apologize. I get the feeling you're a little angry with me at the moment. You feel I'm being a little pushy, and I really don't mean to be. You see, I see the potential benefits this investment could provide to you, and for some reason, I haven't been able to get that across on the telephone. I am merely being enthusiastic. I do not want you to be angry with me or my company. So let me apologize. Now, can you honestly think of a reason that you shouldn't take advantage of this program?"

The final skill in this section is the **BOOMERANG TECHNIQUE**. Here you want to take their objection and turn it into the very reason for going ahead.

If they say, "I want to think it over," you might say:

"That's exactly why you need to secure your position today. The majority of people that try to wait for the bottom of the market miss it and end up making an emotional purchase later at a higher price. The astute investor makes his move logically and follows a well laid out plan."

C. THE EIGHT-STEP FORMULA

If you will learn and use this formula, you will eliminate a great number of the objections you hear in your career.

STEP I - HEAR THEM OUT

Don't interrupt by guessing, anticipating or assuming that you know what the prospect wants to say. Hear him out and allow him to tell you exactly how he feels.

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Never argue or do battle, in how he feels. You might s	stead agree with the prospect, or let him know that you kn ay:
"I can appreciate how yo	u feel."
or,	
I'm a family man myself.	so I can certainly empathize with you,"
STEP 3 - ISOLATE IT	
Determine if this is the only	reason for not investing. You might say:
"Is that the only problem	causing you to hesitate?"
or,	
"Do vou have any other o	uestions or concerns?"
or,	
"Would there be any other	r reason for not opening your account today?"
STEP 4 - CONFIRM CRI	TERIA
Determine if this question of	r concern was handled if they would invest. You might sa
"In other words, if you fel Is that correct?"	t at ease on this point, we could go ahead and get you s
or,	
"Then what you're saying then we could do business	is, if you were convinced that this is not really a disadv . right?"
or,	
"If you were totally comfo and secure your position.	ortable with regard to this issue, then you'd want to go



STEP 5 - QUESTION IT

One of three things will happen when you question the prospect's objection:

- Revalidate The prospect will explain or expand his concern and give you a better grasp of his feelings.
- Pop the Real Objection If they have been blowing smoke and not giving you the real reason, this allows them the opportunity to tell you the truth.
- Explain it Away This will amaze you, but a majority of the time in the process of trying to explain or justify their remarks, they will actually explain away their own objection.

Examples might be:

".lust to clarify my thinking, why do you feel this is so critical?"

or,

"So I completely understand, what makes this such an important concern?" or, "Why is that so important to you?"

STEP 6 - ANSWER IT

Give a complete answer to the question.

STEP 7 - CONFIRM THE ANSWER

Here is a critical part of this formula. Most salespeople think they are handling an objection only to find out that the prospect brings it up again later. Maybe you were satisfied with your answer, but was your prospect? Find out by confirming the answer.

Your might say:

"Does that satisfy you completely?"

or,

"I believe vou feel more comfortable now, don't you?"

or,

"Do you feel more at ease now?"

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STEP 8 - CLOSE

Immediately after handling any objection, ask for the order without fear, failure, or fumbling.

I WANT TO THINK IT OVER

You might say:

"To invest wisely, a person must first recognize an opportunity. Second, he must have the capital available to invest. Third, he must possess the power of his own convictions. We both agree that you are astute and recognize the opportunity offered by this investment. We both know that you can comfortably handle it financially, and you know you have the power to act when you believe it's the right thing to do."

I LOST MONEY IN THIS BEFORE

"No one likes to lose money in any type of investment. You know, I burned my mouth once eating hot food, but I didn't stop eating. I just eat a little more carefully now. If you look at this opportunity logically, you see it can offer you substantial profit potential. I'm not talking with you today to sell you emotionally, I want you to invest logically."

I'M AFRAID OF LOSING MONEY

"I understand how you feel. The opportunity for profit is always accompanied by the possibility of loss. It is price movement that creates both. In this market, we are not dealing with an income producing vehicle, but one which creates opportunity through price movement. What is important is how you manage your money and how you weigh the offsetting profit and loss opportunities. Sometimes fearing a loss can also mean fearing to make a profit. I want you to weigh both possibilities carefully. However, based on the current situation, I think you should conclude that making an investment now is the right approach."

I THINK THE PRICE IS GOING LOWER

"That's one of the reasons why less than 3% of the people in this country own precious metals. The majority sit on the side lines, always waiting for prices to go lower, and never make a commitment to get started. Let's make that commitment now."

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I WANT TO WAIT UNTIL IT STARTS MOVING

"Only 5% of the people in the world are leaders. The rest are followers. The leaders are astute investors that size up an opportunity and make a decision based on good, common sense. The followers are those poor folks that continually procrastinate. They sit on the sidelines and wait until something crazy happens in the world and then buy after the price shoots up. I'd like to see you secure part of your position now instead of paying a higher price later."

or,

"Many people feel that way until they find out about the advantages of dollar cost averaging. Rather than jumping in with both feet, start with two bars. Then if the market does retrace, you can pick up more bars and lower the average investment cost. On the other hand, if the market starts up, it won't be starting up without you. You can add the other two bars at a little higher value and you'll have the peace of mind knowing that you have one-half of your position at the lower value."

YOUR FEES ARE TOO HIGH

"Our commissions, spreads, interest, and storage fees are very competitive in the industry. What's important is the investment itself and how you feel about the opportunity. I think we can agree that if future price movements do what you believe, your transaction costs should not be a deciding factor."

I'M ALREADY FULLY INVESTED

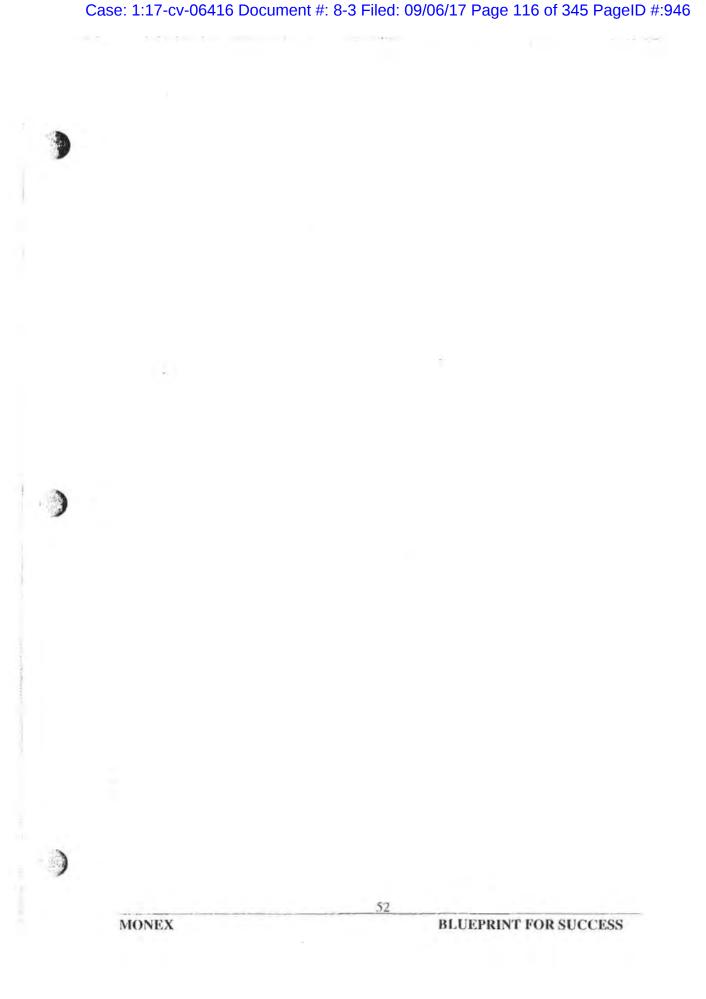
"You did tell me that you were fully invested. You also told me that you weren't achieving your financial goals. Many people have felt like you do until they shifted some dollars out of investments that weren't giving them the results that they desired."

Now you have a variety of skills, techniques, and ideas for the objections step. It's simple when you know how, isn't it. Not easy, but simple. The skills and techniques won't come naturally. You will have to practice, drill, rehearse, and role play them many times before they become habits.

Of course, not every skill, technique, or idea will work for every salesperson, with every prospect, in every sales situation. But by learning and using these proven methods, you should dramatically improve your probability of success, become more competent, serve your customers more professionally, and earn more money. And that's what you really want, isn't it?

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CHAPTER 6

CLOSING THE SALE

Welcome to Step 5 of the five basic steps of the professional sales process. As with all of the chapters in this manual, you can be assured of one critically import fact: These skills, techniques, ideas and closes are proven winners and will assist you beyond your wildest expectations if you are willing to practice, drill, rehearse, role play, and use them until they become habits.

This chapter is divided into three parts:

- A) CLOSING THE SALE
- B) AFTER THE SALE
- C) REFERRALS

The first section covers 23 sample closes. The second section covers post-sale activity, add-on and step-up selling, prepping for referrals, and setting up for future sales.

Even if you do everything else perfectly in the sales process, if you can't or won't help your prospect reach a positive decision, you've lost everything. Closing should be nothing more than a logical conclusion to an effective sales presentation. But you can't hint, suggest, or beat around the bush. You have to be a closer. If you know only one or two closes, you will be ineffective. Most sales can take 7 to 10 closes. As a professional, you should have dozens of closes immediately available.

Many of the following closes are variations of another or combinations of two or more. They're fun to mix and match for maximum performance. Remember, many times a prospect will say no once or twice just to see how much you really believe in what you are selling.

A) CLOSING THE SALE

Order Blank Close

You assume you have the order by asking questions such as:

"What is your current address for the confirmation statement?"

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or,

"You wanted to take advantage of the lower commission and own six bars, is that correct?"

2. Direct Request Close

You come right out and ask for the order. You might say:

"Let's go ahead and give the gold Maple Leafs a try, okay?"

or,

"Why don't we start with the four bars now?"

3. Alternate Choice Close

"Do you want to start with 40 Philharmonics, or would 20 Philharmonics and 20 Maple Leafs be better for you?"

or,

"Did you want your account in just your name or both your's and your wife's?"

4. Sharp Angle Close

When you are asked a buying question, don't answer it or all you'll have is conversation. If you get a commitment before you answer, then you are a closer. If the prospect asks: "Can you put this in a trust account?" You ask:

"Let me verify that with my manager. Do you want to start with two bags if I can get that approved?"

or, if the prospect asks: "Could I start with 1000 ounces instead of 2000 ounces?" You ask:

"Would you feel more comfortable opening your account with 1000 ounces?"

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5. If I Could - Would You Close

The wording and pacing is critical here. This is a great one to use if the prospect says: "I want to think it over." You might say:

"You know, no matter how long you think about it, in the final analysis, your decision is going to center around three things: #1. Do I want to own some gold? #2. Does it make sense, and #3. Can I afford it?"

"Now I'd like to ask you three questions. #1. You do want to own some gold, don't you? (pause) #2. It does make sense, doesn't it? (pause) #3. And it's simple. We both know you can afford it, so doesn't it make sense to go ahead now?"

Think It Over Close

You need something specific to help your prospect when he says that he wants to think it over. You might say:

"That's fine. Obviously you wouldn't take your time thinking this over unless you were seriously interested, would you? (pause) I'm sure you're not telling me this just to get rid of me, so may I assume that you will give it very careful consideration? (pause) Just to clarify my thinking, are you concerned with the size of the investment? (pause) Is it the credibility of our company? (pause) Is it the risk involved?" (pause)

Continue to ask questions until they tell you what their concern is.

Feel, Felt, Found Close

You are letting the prospect know that you have empathy, that he isn't alone in his concern, and that it is okay to go ahead. You might say:

"I know exactly how you feel, since many of my customers have felt the same way you do. However, they have found that precious metals offer a unique investment opportunity. Would you like to open an account in your name or both your's and your wife's?"

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8. Impending Event Close

You create urgency to take action prior to an event that might effect the price. You might say:

"If we act now, we can secure your position before the President's speech on the Middle East this evening."

Using A Negative To Create A Positive Close

You ask a question with a built-in negative. When the prospect responds positively, you turn it into a positive close. You might ask:

"You probably wouldn't want me to call you a couple of times a week with market updates, would you?"

Ben Franklin Close

You have your prospect list all of the reasons to go ahead in a logical manner. You might say:

"As you know, we have long considered Ben Franklin one of the wisest Americans who ever lived. When Ben found himself in a situation such as you are in now, he very likely would have felt pretty much as you do. If it was the right thing to do, he wanted to make sure and do it. If it was the wrong thing, he wanted to make sure and avoid it. Isn't that about the way you feel? (Pause) Here is what Ben might do. Get a blank piece of paper out. Draw a line down the middle from top to bottom, and on the top left side write the word "yes" and on the top right side the word "no." Have you got that done? (Pause) Good. Now on the left side, Ben would write down all of the reasons why he should go ahead and make a positive decision and not procrastinate. Let's see how many benefits we can think of that you'll enjoy. First, you said you liked the liquidity, so write that down as #1. Now what would #2 be?"

Now, you help your prospect list at least ten benefits. When you're finished you say:

"Now, if Ben wasn't completely convinced he was doing the right thing, he would list any possible reasons not favoring a positive decision on the right side. Can you think of any really good reasons for not going ahead today?"

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At this point your prospect lists his negatives. Assuming the positives legitimately outweigh the negatives, you summarize by saying:

I'd like to congratulate you for using a time proven method to make a good, common sense decision."

Lost Sale Close

When all else fails, and you are ready to hang up and dead-out the lead, you might say:

"Pardon me, but before I hang up, may I apologize to you for being so inept a salesperson. You see, if I had been able to help you feel the way that I feel about this investment, I could be congratulating you on a wise investment decision. But instead you will have to continue with your present investments and miss out on this opportunity. I want you to know that is all my fault and I am truly sorry. As you know, I make my living being of service to folks like you and, just so I don't make the same mistake again, would you mind telling me what I did that was wrong?"

If you have been sincere, the prospect will give you their real concern or reason and you might say:

"Is that it? I mean, you thought that (whatever their new objection is). No wonder you were concerned. Let me show you (now re-sell their concern) and close by saying: 'I'm glad we cleared that up. Now we both know I didn't explain it right the first time. Did you want two or three bars to start?"'

I Don't Have To Sell You Close

Use this with the prospect that has advanced knowledge of the market and/or your product. You continuously confirm throughout the presentation with phrases like: "Of course you're familiar with this and that's why financing has been so popular. I normally wouldn't get this technical, but with your background you'll appreciate this." At the end you might close by saying:

"Since you know so much about this investment, I can sure see I don't have to try and sell you. Let's just get the details out of the way so you can start enjoying our relationship. You did want to start with the M.V.P. to receive the commission discount, didn't you?

13. Prudent Close

If they say they want to wait for a lower price, you might say;

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"Sometimes that can be prudent. However, waiting for a lower price might simply mean missing a very significant market move. Let's give it a try now, okay?"

14. Peace Of Mind Close

You weave these words into any closing question. You might ask:

"Wouldn't it be worth the peace of mind knowing that you've quit procrastinating and made a decision that may change your life for the better?"

15. Minor Detail Close

You pose the major decision or concern and immediately ask a minor question. If they answer the minor one, the major decision may carry. You might say:

"I believe the only decision you have to make is whether gold is the right investment for you. Both the Maple Leaf and Philharmonic coins are 24 carat, but the Philharmonic currently carries a smaller premium, making it a better buy, don't you agree? Are you going to start with 5 units or get a lower commission by starting with 6 units?"

16. Explain Price Once Close

If your prospect says your costs are too high, you might say:

"When the Monex companies decided to open their doors over 35 years ago, they had to make a major decision on their pricing structure. Monex Deposit Company routinely price shops the competition to ensure that our prices are market sensitive, and supportive of the quality service we will always be known for in the industry. They made the right decision, don't you think?"

Parachute Close

You might say:

"They say the mind is something like a parachute. Neither one works very well unless it's open. Now I'm not suggesting that you jump into something new with both feet. What does make sense is for you to put your big toe in first and try the water. Once you start feeling comfortable, you can always expand your position in the market. Are you ready to pull your ripcord and let your parachute open up?"

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18. Triplicate Of Choice Close

You give the prospect a choice of three positives, two of which offer them an opportunity to step themselves up. You might say:

"Many of our customers start with eleven units which would require an initial investment of as little as about \$11,000. Some who are even more liquid can own twenty units and start for about \$21,000. And then there are those who, because of other commitments and responsibilities, can only begin with about \$6,300 for six units. Which category do you feel you fit into most comfortably?"

19. Surf Board Close

"You've heard the old Hawaiian expression, 'If you want to catch a wave, you've got to be in the water.' This is especially true with investments. Based on the opportunity we've already discussed, don't you think it's time to put your board in the water and catch the next wave."

20. Ship Leaving Port Close

"A wise old man once said, 'Before your ship can come in, you have to let it leave the port.' I think we can agree that if you want your ship to come in, you have to leave the port and get started on this exciting investment journey now. Can I notify the engine room that we are getting started?"

21. Airplane Close

'It's been said that the precious metals market can be compared to a plane sitting out there on a runway. One day it's going to take off. Certain experts believe it will be soon. We don't know if it will be tomorrow, next week, a couple of months or longer, but we do know it can take off and fly. I think we can also agree that you have two choices. You can either book your seat on that flight now, so you will be on the plane when it starts to soar, or you can wait until it takes off without you and do like the majority of investors. That means either missing the plane, or running madly down the runway after it. Another way to put that would be to run to the telephone to call your account representative or stand in line to pay a higher price. Given those two choices, doesn't it just make good, common sense to book your reservation now, so you'll have the peace of mind knowing you will be on the plane and in the market before it starts to soar?"

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22. Three Times Three Close

"You know that if you think about it for three more weeks, three more days, or three more minutes you probably won't know a lot more about it than you do right now. In fact, university studies have shown that we forget up to 85% within 48 hours. Because you know what you need to know right now to make a decision, I must insist on a "yes" or a "no." I will accept a "no" decision and we will part friends, but don't you think that based on all the facts we have discussed, that a "yes" is the right decision."

23. Instruction Close

This could be your top close if used properly. Make your close easy by explaining what is going to happen when the customer agrees to "go ahead," "get started," "try it," "lock in a price," etc. You might say:

"This is what happens when you say let's get started. I will record, with you on the line, a brief review of certain terms and risks. This summarizes various matters we have discussed as well as the fact that you have already received, reviewed, and understand the Atlas Account Agreements. It indicates that we discussed downside risk as well as upside potential, that you are aware that financed transactions aren't for everyone; that there is no guarantee that you transactions will be profitable; that an adverse market move may require you to deposit additional funds in order to protect your position; and that for both your protection and ours, we retain the right to liquidate all or part of your position if you equity ever falls below one-half of the level at which an equity call is triggered. If you have no other questions, I'll go to the trading desk and we will lock in the current market price for your order and you'll know exactly how many ounces you've invested in as well as the cost of the investment to the penny."

"When we are done with the trading clerk, I'll stay on the line with you to wrap up any remaining details of the transaction."

"Then I'll confirm our toll free number that is good eleven hours a day, weekdays, from anywhere in the country so you can stay abreast of the market even if you are traveling, or make arrangements as to what days and times are best for me to call you with news in the world and how it may be affecting your investment."

"Now, if that's all right, hold on for about 30 seconds and we'll get started so we can place your trade."

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B) AFTER THE SALE

Immediately after the sale always say "Congratulations" and not just "Thank You." Spend some time with your new customer. Show him that you are really interested in him/her.

You can prep a customer for future trades by saying:

"I'm watching some situations very closely and may make a major recommendation very soon. I don't know if it will be a day or two, or a month or two, but if I do see an unusually exciting possibility, are you in a position to take advantage of it, or would you rather not have me call you and get you excited about something you can't have? (response)

Now I don't need a firm commitment, but give me a ball park figure of what you would have liquid for further trades."

C. REFERRALS

You can prepare your client to give you a lot of referrals and do further business in your post sale activity,

You might say:

"I promise to give you professional service and honor the confidence you have placed in me and our company. If I can do that, then two things will happen. Over the next 12 months, you might do many more trades, because if you're happy with my service and end up with a profit, you'll want to do more business, right?" (response)

"The second thing that will happen is you'll provide me with names of friends, neighbors, relatives, or business associates that may become customers. Needless to say, if you're happy with me, you're going to talk me up, right? (response) In the same regard, if you're not very happy, you won't say very nice things, so I've got everything to lose by not giving you the type of service you deserve."

You can also prep them to have the referrals ready for you. You might say:

"I don't want to take any more time now, but when I call you next Thursday with a market update, please have at least two names for me. Glance through your card file or Rol-a-dex and pick two people that would appreciate knowing about this opportunity. I'll simply give them a call to introduce myself, mail them a brochure, and answer any questions. I certainly won't embarrass you in any way. I'll talk to you on Thursday.

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Have you noticed that you haven't seen terminology like "tank" or "dump" in this manual. Terminology like that does not reflect a professional vocabulary.

Many salespeople actually create subconscious negatives in their minds and the minds of their prospects and customers by allowing occasional slang to filter into their professional presentations.

Replace that language with words like: "building a base," "trading in a narrow range," "correction," "retracement," and "value."

Opportunity no longer knocks, it rings. The telephone is the vehicle of the future and telephone salespeople are its drivers.

Each time you work with this manual, you will take something new from it. You will grow, you will learn, you will become more competent and more professional.

Now you have a variety of skills, techniques, ideas, and closes that make up the professional sales process. It's simple when you know how, isn't it? Not easy, but simple. They won't come naturally, you will have to practice, drill, rehearse, and role play numerous times before they become habits. You might have to change language or approach and, of course, not every skill, technique, idea, or close will work for every salesperson, with every prospect, in every sales situation. But by learning and using these proven methods, you should dramatically improve your probability of success, become more competent, and earn more money. And that's what you really want, isn't it? You are becoming the best that you can, aren't you?

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ATLAS ACCOUNT

- THE MONEX COMPANIES HAVE BEEN IN BUSINESS FOR OVER 35
 YEARS.
- SPECIALIZATION customer serviced by a full-time precious metals specialist.
- 3. VARIETY OF PRECIOUS METALS PRODUCTS IN CONVENIENT SIZES.
- 4. IMMEDIATE PRICE CONFIRMATION no call backs.
- 5. TOLL FREE TELEPHONE.
- CONVERSION PROGRAM exchange bullion for coins with only the payment of the premium.
- CUSTOMARY ELEVEN HOUR TRADING DAY (WEEKDAYS) and limited markets on some holidays and weekends.
- 8. GENERALLY OPEN WHEN PRECIOUS METALS FUTURE MARKETS ARE CLOSED DUE TO LIMIT MOVES.
- PURCHASE WITHOUT FUNDS IN HOUSE up to certain limits.
- LARGE CAPITAL BASE allows the acceptance of very large orders from customers.
- 11. COMMISSION DISCOUNTS ON LARGE ORDERS.
- 12. INTEREST PAID ON CASH BALANCES.
- LOW \$1,000 MINIMUM INVESTMENT.
- 14. INDEPENDENT DEPOSITORY STORAGE OF CUSTOMERS PRODUCT, WITH TITLE PASSING TO CUSTOMER.
- 15. PROMPT DELIVERY OF PRODUCT TO CUSTOMR.
- PROMPT PAYMENT OF FUNDS DUE CUSTOMERS.
- 17. FREE SPECIAL REPORTS ON PRECIOUS METALS.

MONEX BLUEPRINT FOR SUCCESS

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A true professional is always learning and improving. There are only two directions in which a person can go, forward or backward. And just as doctors, lawyers, architects, accountants, dentists and other professionals must constantly stay abreast of changes in their industry, so must professional sales people continually improve their craft. You would not entrust your family's health to a doctor who had not read a medical journal or attended medical conferences in the last ten years, or who was unaware of new medicines, new healthy life styles, or new surgical techniques and equipment. Likewise, trying to sell the same way you did ten years ago will not only prove to be a disservice to the potential customer, but will prove to be ineffective. Below are suggestions for study and implementation.

SUGGESTED READING LIST

SALES

- How To Master The Art Of Selling Tom Hopkins
- The Best Seller D. Forbes Ley
- · The Closers Jim Pickens
- The Art Of Closing Brian Tracy
- Seven Strategies For Wealth and Happiness Jim Rohn
- Awaken The Giant Within Anthony Robbins
- Secrets Of Closing the Sale Zig Zigler

FINANCE

- How To Be Rich J. Paul Getty
- Think And Grow Rich Napoleon Hill
- The Richest Man In Babylon George Claso
- · Wealth Without Risk Charles J. Givens

SOCIAL

- If You Don't Know Where You're Going, You Will Likely Get There! (First Impression/Best Impression – Contact: The First Four Minutes) – Zunine Zunn and Janet Elsey
- How To Win Friends And Influence People Dale Carneigie
- Seeds Of Greatness Dennis Waitley

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SPIRITUAL

- · The Bible
- The Positive Principle Today Norman Vincent Peale
- · The New Reformation: Self-Esteem Robert H. Schuller

FAMILY

- The Art Of Loving Erich Fromm
- On Being A Person Carl Rogers
- Toughlove York & Wachtel
- The Language Of Feelings David Viscott
- Love For A Lifetime James C. Dobson

MENTAL

- · As A Man Thinketh James Allen
- · Art Of Thinking Harrison & Bramson
- Grow Rich Through Peace Of Mind Napoleon Hill
- Man's Search For Meaning Victor Frankl

PHYSICAL

- . Fit Or Fat Covert Bailey
- Stretching Bob Anderson
- You Are What You Eat Victor Lindlahr
- Supernutrition Dr. Richard Passwater
- Running Without Fear Dr. Kenneth H. Cooper

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EXHIBIT 29

MONEX PRECIOUS METALS

TRANSCRIPT OF FILE

MNX-CFTC-00530715

REPORTED BY: CHERYL L. SANDECKI, CSR, RPR

LICENSE NO.: 084-03710

JOB NO.: 7675

Kruse Associates, Ltd.

Page 2 DAN TYLER: Now with PDS what do you do, what 1 2 kind of things do you try to accomplish in your 3 call? UNIDENTIFIED SPEAKER: Information. 4 DAN TYLER: Okay. What kind of information? 5 Okay. First give me your opening. When you 6 7 first talk to people, what do you say to them? UNIDENTIFIED SPEAKER: I say "Hi." I 8 introduce myself, "Hello, this is Frank from 9 10 Monex. You have called our company before and requested some information. I was giving you a 11 12 courtesy follow-up call to see if you received 13 that information and maybe answer any questions 14 you might have." 15 DAN TYLER: Okay. Also, I think, in addition 16 to that, you also want to revisit why they had 17 an initial interest and go back to that. We've talked about that in sort of anything we've had. 18 19 And contact in my contact with them is 20 pretty much standard. It's always the same, 21 it's repetitious and it's: George, awhile ago 22 you had requested information from our company 23 regarding precious metals. Do you recall? 24 Yes/no. Most of the time it's yes. And

1	sometimes they will say "Well, I'm not
2	interested." "Well, I accept that George. But
3	at the time you requested the information, what
4	was your interest?" "Well, I was interested in
5	gold." "Why were you interested in gold?" I
6	want to get their reasons why. I'm going to
7	revisit their initial reasons for doing that.
8	And they may give me some. And I may
9	talk a little bit about gold or silver or
10	whatever it is that they were interested in, you
11	know. And we have some pretty good conditions
12	that exist today.
13	Sometimes I will do some test questions
14	like "George, if conjecturing, supposition,
15	let's just suppose, John, that we did have a

like "George, if conjecturing, supposition, let's just suppose, John, that we did have a silver investment right now that you really felt was an exceptional opportunity. Would you do business with me if you were convinced that it could make you some money?" Okay.

And it's a question that almost gets -you automatically get rid of people. If the guy
says no, I'm giving him in opportunity, it's
supposition, mind you, but I'm giving him an
opportunity to make money, would he do business

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with me and he says no, the conversation is over as far as I'm concerned. We really have nothing else to talk about. That relationship has peaked out or is done. Okay.

But if he does want to talk and go back to some of those things, I might ask him what conditions have to exist for you to do business with us today. Have him tell you how he can be sold. What conditions have to exist for you to do business with us? Well, I need to be convinced that I can make money. I need to be convinced da, da, da, da, da.

You know, but if he doesn't have any money -- and that's one of the first things that you have to establish -- "Well, George, let's suppose that you did find an opportunity that you felt was exceptional, what are you looking at in terms of a financial commitment?"

And again, I like using the word
"commitment" only because we are getting -- I'm
talking about buying something. Of course, I
want commitments from this guy. So what are you
looking at?

And he may give me a number and may say

Page 5 I really don't want to talk about that right 1 2 now. We can talk about that later on. But we 3 do have a number of different packages and how 4 we approach this, a lot of it depends on how 5 much you are willing to invest. Personally, I don't really care how much it is, you know. But 6 7 it's in your best interest to give me that information so that I can be accurate and -- and 8 9 provide information for your needs specifically. 10 So, George, how much is it? 11 I go back at it again. It's really 12 important that you get that information. Is 13 that too aggressive for you guys? Okay. 14 Because there is some people, you know, that 15 feel that it's a pretty assertive stance, you 16 know, and that you are going to blow the whole 17 thing. 18 But one of the things that you have to 19 remember, when you do this, you ask these 20 questions with confidence. You ask it like you 21 expect an answer. You don't condition your 22 questions by saying "George, I hope you don't 23 mind if I ask you these questions. I know you 24 might be offended by it. You know, the manager

Page 6 is leaning over my shoulder." You don't have to 1 2 do any of that. 3 UNIDENTIFIED SPEAKER: I think that saves you a lot of time as well. 4 DAN TYLER: It does, it does. 5 UNIDENTIFIED SPEAKER: (Inaudible). 6 7 DAN TYLER: Yeah, yeah. And be precise. You know, so don't be afraid to ask the question. 8 9 You put your blinders on, you know, and you have 10 your strategy in mind. And you can be 11 consistent with your strategy. There are little 12 nuances. But know what you are going to do in 13 the calls. All right. And you are going to 14 find that there is a consistency in almost all 15 the calls. You know, and you are going to find 16 little things that you need to address. 17 But -- but, you know, try to get that 18 with -- if you were consistent, you are going to 19 get good at what you are doing. Okay. 20 And also learn to build a story, a good 21 story that is precise and participatory, get 22 them to participate, as opposed to nonstop 23 talking. 24 If I went with Merrill Lynch and some

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		Page	7
1	of these other people, I spend a lot more time		
2	qualifying people about their investments and		
3	where do they have money and I have these		
4	records in my head. I have got a money market		
5	record. I've got a stock record. I've got a		
6	bond record. And I have got a money market		
7	record. I got a precious metal record. I got		
8	all these records in my head of where one can		
9	be.		
10	And when I'm talking to people, I will		
11	ask them, "Well, George, do you have any		
12	stocks?" "Yes." Boom, stock record drops and I		
13	have questions that I ask about their stocks. I		
14	want to know when they bought it, do they buy		
15	buy and sell or do they keep for long-term, how		
16	much what's the value of their stock		
17	portfolio.		
18	And whenever you ask the how much		
19	question and it's critical that you always		
20	ask how much, all right. And when you ask the		
21	how much question, you also need to pick a		
22	number.		
23	If I asked somebody, "George, do you		
24	have any CDs?" "Yeah." "What's the value of		

Page 8 your CD, somewhere around 40, 50,000?" It's 1 2 just guesswork on my part. But I -- I have seen 3 in all my experience that if I pick a number, 4 they will respond better to the number than if 5 you leave it open ended. If you ask me what's the value of your 6 7 CD, what are you opening yourself up for? None of your business. Yeah. 8 9 But if you say "George, what's the value of your CD, somewhere around 30, 40,000?" 10 11 Boom, they are hit with a number and they know 12 it's either more or less and they will respond 13 better. 14 It's a percentage thing. Okay. 15 doesn't always work. Okay. But percentages 16 tell me that I get a better response when I do 17 that. And that's what selling is, it's just a 18 lot of percentage stuff that you just put 19 together little things that you have. Okay. 20 But I'm always asking people about 21 their money markets: Where are they? Do they 22 have any CDs? Where are their CDs? What kind 23 of return do you get and when are they going to

mature? What's the value of your CDs? Are you

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1	are you satisfied with the rate of return? I
2	know he is not, but I will ask him anyway. You
3	know, he might say 2 or 3 percent. "But,
4	George, I would imagine that when that CD
5	matures, you would want to look at alternative
6	places to invest that so that you can have a
7	higher return. Do you have any ideas what you
8	would like to do with it?" As opposed to trying
9	to sell him something. Right now we are seeking
10	information.

One of the things that I think this company needs to prove on is the broker -- the people's knowledge of investment vehicles to be conversant about stocks and bonds and what those things do and the different kinds of bonds and the different kinds of stocks.

And -- and if you are talking especially to a sophisticated guy whose got a lot of money and has a lot of investment, if you are going to be conversant with him, he's going to have a lot more trust and faith in you. And that's one of the reasons why guys don't ask those questions, because they don't know anything about it.

So, you know, I think that's something 1 2 that you may have to work on in time. Okay. 3 But, you know, for right now, you can ask if they have stocks or what's the value of 4 5 your stock portfolio, somewhere around 50,000, 60,000. I'm trying to get some idea of what 6 7 kind of money this person has. And if I know where they have their investments, I also know 8 what? I know about their risk tolerance. I 9 10 know if they are, you know, conservative people 11 depending on the vehicles that they have. I 12 also know what is liquid and what isn't liquid. 13 So -- so information is your power That's where everything comes from. 14 15 And it's a heck of a lot easier closing people 16 once you were armed, once you can go to a 17 closing and you have all that information and your head is like a computer. You're like, 18 19 okay, fine, it's this, this, this and this. 20 put it all together. And you take people to a 21 close and in the middle of a close, you're 22 armed, okay, as opposed to going into 23 (inaudible). And you don't have to get into a 24 lot of superfluous conversation that doesn't

Page 11 1 mean anything. Okay. 2 All right. Any other questions that I can deal with? 3 4 UNIDENTIFIED SPEAKER: I seem to get this 5 objection quite a lot, people that have all 6 their money tied up in real estate investments. 7 How do I read -- where do I take that? DAN TYLER: Okay. What is one of the most 8 9 important principals in any kind of investment 10 portfolio? 11 UNIDENTIFIED SPEAKER: Diversifying. 12 DAN TYLER: Diversification. And people who 13 invest in real estate have a tendency to, you 14 know, stay with real estate. Real estate isn't 15 bad. I would try not to dissuade them. I would 16 not dissuade them in investing in real estate 17 because it's been working out pretty good. 18 But we have found historically that 19 people who invest solely in real estate are subject to losing a lot of money. I mean, you 20 21 talk to people in Houston. I can give you 22 different parts of the country where you have 23 some serious problems in real estate. It 24 doesn't all happen. Real estate traditionally

Page 12 is a pretty good place to put money. Okay. 1 2 However, the real sophisticated 3 investor diversifies. He has got -- I don't think about, you know, not having your money in 4 5 one basket. But diversification. And get them to 6 7 agree. "Don't you agree, George, that diversification is really an important concept 8 for people who like to invest." Get them to --9 do you agree with that? Tie down. Really, 10 11 really important. Okay. 12 So that's pretty much all you have. 13 Okay. And sometimes it's mentioning that like 14 gold, for example, in the last year, year and a 15 half, has gone up 30, 35 percent. Some people 16 in real estate do a hundred percent, you know. 17 It's difficult to argue with that. 18 But, again, diversification is about 19 all you have. The conversing with them, then 20 you have to include that in your qualifying 21 process. Okay. Anticipate. That's what a good 22 salesperson does. You anticipate problems and 23 you prepare for it. 24 Okay. It's like being aggressive and

1	asking people about their money. And you guys
2	now how aggressive I can be on that, where I'm
3	asking people, you know, where do you have your
4	stocks, your bonds, and so forth. And I get
5	very, very involved, you know, in their personal
6	affairs.

So if I do that a lot, what can I anticipate that I will hear at some point when I'm asking those kinds of questions. What can I expect to hear? None of your business. Who are you? You are asking me those kind of questions, first time we've ever talked.

UNIDENTIFIED SPEAKER: I don't want to do that over the phone.

DAN TYLER: Yeah, I mean, all of that. But I expect that I'm going to hear that. In the hundreds of thousands of calls that I have made, I have heard that a lot. I expect to hear it.

So I also have to be prepared for it.

So if someone objects to me asking those kind of questions, how do you respond to it? They say,

"Well, look, I don't think I want to --" I have heard none of your business and a hell of a lot worse. Okay. I mean the absolute worst.

But what do you say? Okay. You have reasons to do that, you have reasons to ask them about their money. Are you doing it on a personal basis? Of course not. Okay.

If I asked someone about their money and they respond with, look, I really don't think that I want to give you that information, I don't know who you are. You know, you were asking me some personal questions. "George, I understand." Empathy, one of the great sales tools of all time. "George, I understand. I know how you feel. And if someone were to ask me those same kind of questions, I would respond the same way."

So now we are okay with each other.

Okay. "But, George, next step, let me tell you why I'm asking these questions." Okay. This is, again, being ready for it.

"I want to be the best that I can be at my job and I want to give you the best possible chances of success in the markets that we deal with. And everything that I ask will always be in your best interests. For me to make a recommendation or a suggestion to you, I want to



1	be sure it fits, that it makes sense, that's
2	right for you. And the only way I can know that
3	is by having an overview of your portfolio.
4	Those are the those are advantages that I
5	need to help you. Isn't that the kind of a guy
6	who liked working for you?" And where is your
7	damn money? (Inaudible).
8	You see, but you have to feel, you
9	know, that conviction that you are doing it for
10	the right reasons, that you are not prying. I
11	might also add to that "George, I really don't
12	care where you have your money personally.
13	Okay. But, professionally, it's very important
14	for me to know that. Okay. Can you see that?"
15	Or I might even use the analogy where
16	if you go to your lawyer and you hold back any
17	information, what is he going to tell you? Take
18	a walk, I can't help you. Okay.
19	We have that same kind of fiduciary
20	relationship, a relationship of trust, okay.
21	And I do want to help you. And, again,
22	everything that I do and I tell them this on
23	a pretty consistent basis, that everything that

I do will always be in your best interests, and

1 I mean that. Okay.

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And when you do that, I think it will help. It may not be the answer. They may still not give you any information and he may say, "Yeah, I agree with that, but you are not my broker." Okay. "John, but I think what you are telling me is that at some point, when you feel comfortable with me, then you are going to share that information; is that right?" "Yeah. But that may be down the line." "That's fine. willing to wait. But for right now give me this much. If you didn't did want to make an investment with us, what are you looking at in terms of a financial commitment? 50,000? You pick a number. You tell me. Because a lot of our programs depend on how much you want to invest, so help me with that." I get something from them. As long as I get that, as long as I get a specific number, you know, if I know what he does, I might even

you know, if I know what he does, I might even ask for more money. A lot depends on what he does.

So that's the way I would handle those touch questions that I get from people. But



1 don't be afraid to ask. Okay.

Again, you are asking for the right reasons, ask it with confidence like you expect an answer. And you will find that your chances of getting answers are a hell of a lot better. I don't get too many people that tell me none of my business. Some will say, you know, I really don't think I want to do that right now and do the empathy thing. "I understand. I know how you feel."

UNIDENTIFIED SPEAKER: I got a number of someone's stockbroker today. "Well, if you want to do with me, just call my stockbroker, here is his name and number."

UNIDENTIFIED SPEAKER: You know, I have heard that with the empathy too. What I've always liked to say is that "You know, I have heard that from other people. But they come to find that by giving me this information we can better position you for what you need to do." That's the empathy.

DAN TYLER: Yeah. "It's in your best interests that I have this information. I really don't care where you have your money

	rage 10
1	personally. But professionally it's important
2	to me. It's important to you."
3	You know, how could you how could
4	you we are talking about suitability. That's
5	like the 407 rule, you know, with the stock
6	broker people is knowing know your customer.
7	You know, how can you in good conscious ever
8	recommend anything to anybody unless you know
9	that it makes sense. You got a little old lady,
10	she's got \$10,000. That's all the money she has
11	in the world, it's in a CD, and you are going to
12	get it and put her in the Atlas program. I'd
13	shoot you.
14	Okay. Not only that, you wouldn't be
15	here very long. Harvey would be down on you and
16	I think with justification, good reason.
17	So so it's important that that
18	you learn to do that and not be afraid. And
19	also you have to remember that information is
20	your power source. Get all the information you
21	can about people, then you know whether or not
22	you can close the it gives you a pretty good
23	clue as to whether or not they are closeable.
24	All right.

And then review some of these that we talked about, what do you try to with these calls? You want to find out why they called, what are they interested in, why are they interested in it, and how much of it do they want to buy, how much could they afford.

You know, if you stick to those basic things, you know, for right now, I think it will -- they will get you started pretty well. Okay.

UNIDENTIFIED SPEAKER: On the coin side, I run into quite a bit. Your guy is on the other end of the phone, don't know you, there's a bunch of coin guys in town. This was in Seattle the other day. I can go down there and meet them personally and know them and develop a

UNIDENTIFIED SPEAKER: This is sight unseen on the phone.

more personal as opposed to somebody on a phone.

relationship, yada, yada, yada. Therefore, I

would rather do business with him because it's

DAN TYLER: What's the real issue here? "You can go down to your coin dealer or whatever and you can buy something from him and lose money or invest with me and make money and never meet me.



Which is your preference? The real issue here is not that you can shake his hand and meet him and see him eye to eye. The real issue is can we do you a good job. Can we make you money? Can we put you in the right program for you? Don't you agree, Mr. Jones, that that really is the only issue here, you know."

It's like the commission objection.

People object to commissions. Well, if I charge you 2 percent and make you 30 percent of your money and somebody else charges you a half a percent and you lose money, who would you rather do business with? Commissions are not an issue.

Okay. It's who can do the best job for you, you know. And we are a \$2 billion a year business.

We were the largest dealers in precious metals in North America. I mean, who would you rather do business with?

One of the things that you want to remember is that when you ask for a referral, try to make the request universal so that it applies to everybody, as opposed to saying, "Hey, do you know anybody that would like to buy gold or anybody that would like to deal with



		Page 21	1
1	some of have some of the things we deal with		
2	here."		
3	I mean, people don't go around and say,		
4	"Hey, if you run into a guy that sells gold,		
5	have them give me a call." I mean, that doesn't		
6	happen.		
7	So what you are asking is who do you		
8	know that would like to get a higher return on		
9	their investments. That's universal. That		
10	includes everybody. Okay.		
11	So what you are looking for is money,		
12	then you start dealing with the products		
13	sometime later on. All right. Best time to ask		
14	for referral was when?		
15	UNIDENTIFIED SPEAKER: (Inaudible).		
16	DAN TYLER: Yeah, when he registers		
17	satisfaction with your performance. Whenever		
18	they say, "God, that was a great investment.		
19	That was a good idea and I appreciate you		
20	putting me into that," never be a better time		
21	than that.		
22	Second best time to ask for a referral?		
23	UNIDENTIFIED SPEAKER: When you close a deal.		
24	DAN TYLER: Right, when you close a deal.		

Page 22 Okay. And here you have to be careful that you 1 2 don't get product specific. Okay. We are 3 talking about a universal request. Third best time is almost every other 4 5 time. Okay. You got that. Okay. What happens when somebody says I don't 6 7 like to give referrals; I don't like to do that? 8 UNIDENTIFIED SPEAKER: We have a great 9 program in place or just taking the time to 10 expand someone else's opportunity to take 11 advantage like you did. 12 DAN TYLER: With referrals, if someone says, 13 "I don't like to do that, I don't normally give out referrals -- " I think it's important that 14 15 you, you know, catch on to the referral program. 16 I usually spend two hours giving seminars on 17 referrals. But I want to condense and kind of 18 cherry pick for a couple minutes here. 19 When someone says, "I don't like to do 20 that and I don't want to get involved in other 21 people's business," how do you respond to that? 22 Do you have any ideas? 23 Well, what I would do is just say a 24 number of things. One would be, "Well, George,

Page 23 if we were to party, would you introduce me to 1 2 your friends?" "Yeah, I probably would." 3 "Okay. That's all I'm asking. I'm not asking for a recommendation. I'm not asking to 4 recommend my company or any of the ideas that I 5 have. All I'm asking for is an introduction and 6 7 let these people make a decision themselves." Sometimes I will also back off to, 8 "Well, George, if you give me a name, I promise 9 10 you when I call these people, I will not tell 11 them it was you who gave me your name." Okay. 12 "Or gave me their name." 13 And so the reason they don't like to 14 give you referrals a lot of times is they don't 15 want to take the responsibility if anything goes 16 wrong. Well, I'm going to take that 17 responsibility away from them. So when I do call, I'm not going it use their name. 18 19 UNIDENTIFIED SPEAKER: That's -- that's the 20 biggest thing. That's right, that's true. 21 Because you are right, there is a certain what 22 if am I recommend and they lose money or 23 something. 24 DAN TYLER: Right.

1	UNIDENTIFIED SPEAKER: Or now if I lose my
2	pension.
3	DAN TYLER: Right. That's one of the biggest
4	reasons. So I will take away from them. So
5	when I do call, I won't tell them it was that
6	person that gave me their name. Okay.
7	So now what you have is you go into
8	that call by saying, "Hi, John, this is Dan
9	Tyler. A friend of yours asked me to give you a
10	call." Now, I also like to qualify all the
11	referred leads that I get. If someone gives me
12	a name, I always like to ask "Why do you think
13	this person is someone that I should talk to?"
14	"Well, they talk about investing. They like
15	gold or they do stocks and bonds. Or the guy
16	has a lot of money." Let them give me reasons.
17	I will qualify the referred lead.
18	"Now, if this person were to invest
19	with me, do you think 20, \$30,000 would be
20	within his range? What kind of work does he do?
21	Is he a nice guy? Is he easy to talk to?
22	Okay. So I get all that. So when I go
23	into the call, I'm armed. Okay. Now and
24	being armed also means that when I don't have

approval to use the other person's name, I can 1 2 go into the call by saying, "Hi, John, this is 3 Dan Tyler. A friend of yours asked me to give you a call and said you just recently retired 4 interest Boeing and got a lump-sum distribution 5 of \$500,000 and you're looking for a place to 6 7 put a portion of that money. Have you ever done any investing at all?" 8

Now, without telling him who this friend was, what is he going to ask you? "Who told you to call me? What was your friend's name -- or what was my friend's name?"

I would probably say to that, "George, your friend for whatever reason did not want me to use his name. But the real issue here is not who gave me your name, but can we help you with the kinds of things that you're looking for. You did get 500,000 for your retirement. I know that only your friend would give you that kind of information. And you are going to need a place to put a portion of that money and that's what we do here. If you feel that we can continue with the conversation, fine. If not, you know, that's okay. How do you feel about

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1	that?"

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2	All light. There is so many other
3	things about referrals, you know, that you need
4	to know. But I think the most important thing
5	is just remember to ask. You know, if you can
6	do it as a reminder. Put a line down a piece of
7	paper, one side referrals asked, referrals
8	received. They say if you do something for 21
9	days, it becomes a habit. With some people,
10	it's two days. Some it's 21. Some it's never.
11	But the idea is to make it visual and
12	just keep track, you know, of what you do. And
13	I guaranty that your production will crease 25,
14	30 percent at a minimum if you learn to do it on
15	a continuing basis.
16	Okay. Don't get discouraged if you
17	don't get referrals. But just continue to do
18	it. It will work. Okay.

One of the things, you know, that you have to remember too is to create a good story.

And I'm not talking about a long, lengthy discussion about the geopolitics, you know, that are involved and this is happening here and all the things that affect the markets. Most of the



time people are interested in that.

And then a lot of that discussion being superfluous. It really doesn't add anything. Sometimes you get a lot of satisfaction of showing people how smart you are. But that's not what they want to know. They want to know how much it's going to cost and how much can I make.

So keep it simple. Okay. Condense everything. What do you want? Why do you want it? Enhance his reasons for wanting it. How much of it do they want? And if they give you the information, again, they are -- they are people who have a high interest level. Okay. And the more questions they ask you, the more interest level -- the higher the interest level is.

Engage them. We don't get into nonstop talking. And I find that's one of the real problems that we have with a lot of people here, is that they just talk too damn much and let me show you how smart I am.

So you guys are new and it's a danger.

It's something you really need to think about,



1	you know, as you progress and as you become a
2	little more successful, you get smarter, you
3	know the markets. And the temptation is that,
4	wow, I'm really smart. I know all this stuff
5	and then overwhelm people. And you don't want
6	to do that.
7	Stick it the basics and always just

Stick it the basics and always just remember it's the simple things. Okay.

Don't ever be afraid of addressing risk. Okay. One of the biggest reasons why people don't invest with you is because of the risk that's involved. If they knew that they could make money, if they were guaranteed that they could make money, they would go out and steal to invest with you.

So if they don't, it's either because they don't have money or they're afraid. So if -- if -- this is why I like to profile people and ask them if they -- if what kind of investments they have. If they tell me that they have stocks and bonds and they have got some commodity things and they have options and so forth, I know that this person is, you know, predisposed to risk. They are okay with risk.

If someone tells me that they have -- there is some conservative mutual funds, they have government bonds, T-bills and so forth, I'm hearing a very conservative investor.

And if I'm going to send them out the Atlas program for what it is and all the risk -- and all the risks that are involved and they get that disclosure statement, it's one of the ugliest things in the world, you know. It's going to scare the hell out of them.

So don't be afraid to address risk. If you find that you have someone on the line that has been that's risk adverse in their history, you know, you might address it by saying "George I'm looking at your portfolio and listening to you talk about your portfolio, I see where you rarely ever do anything that smacks of any kind of risk at all. Does that mean that you are totally risk adverse? Yes, I am, I don't like to take any risks at all."

Of course, a lot of it depends on the age of the people. Somebody 55, 60 years old, they are getting ready to retire, they are not going to take a hell of a lot of risks. You got

to get a 22-ye	ear-old entre	epreneur wh	ose doing
really well.	It's okay, y	ou know, f	or him to
take risk.			

But you have to also understand that a certain amount of risk is okay. And that when we talk about risk, we were talking about measured risk and we are talking about appropriate risk. We are not talking about their retirement fund, we are not talking about their kids' education money. We are talking about appropriate risk.

Have any of you run into that?

UNIDENTIFIED SPEAKER: People afraid of risk?

DAN TYLER: Yeah, I mean, your investments

and why people don't invest with you.

UNIDENTIFIED SPEAKER: Especially when we are talking about leverage trades. Coins -- people who buy coins don't tend to be afraid. But those who are leveraged investing, that's their primary concern after how much can I make.

DAN TYLER: And don't -- and I have a closet full of stuff, you know, that I use to handle those kinds of situations, you know, people that are risk adverse. Again, we talked about those



are good words, appropriate risk and measured risk. It's okay, you know.

But that's the capitalist system,
that's what this is all about. When you look
out your window, what do you see out there that
was ever built without a certain amount of risk
involved? What kind of job do you have? Who do
you work for? If I were to source your company
from the very beginning, somebody took a risk so
that you could have a job. That's the American
way.

You know, if people don't do business with you -- and some of them have very legitimate reasons, you know, and I accept that -- but you have to find out why they are not doing business with you. Unless you do that, you haven't done your job, you know.

And when they put you off and they say things like "Let me think it over --" I'm sure you're going to hear that a lot. Okay. What do you say to people who say "Let me think it over?" You've made your presentation, you know, and you think you did a great job, everything is in place and it's perfect and then he says "Let

me think it over."

UNIDENTIFIED SPEAKER: I normally have done enough qualifying to be able to have a pretty good educated guess of what those reasons might be, so I help flush and I get that objection by giving it back to them "What you need to think about, what could possibly be, do you need to speak with your wife or you are worried about risk," I give them an either/or option so they can elaborate and tell me what the objections are. Normally it works to tell me what their objection is and I have them.

DAN TYLER: And there is a concept -- and it's not a new one and it's not original with me. But it goes back to, you know, pre-qualifying people, handling -- anticipate problems and handle it before it becomes a problem at the close. Because I don't want to send a lot of time -- that's why I like to ask, when you make investment decisions do you make them independently or do you need to consult with someone.

(End of transcription.)

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1	STATE OF ILLINOIS)		7
2	COUNTY OF LAKE)		
3	I, Cheryl L. Sandecki, a Notary Public		
4	within and for the County of Lake and State of		
5	Illinois, and a Certified Shorthand Reporter of		
6	the State of Illinois, do hereby certify that I		
7	reported in shorthand the proceedings had at the		
8	taking of said audio recording and that the		
9	foregoing is a true, complete, and correct		
10	transcript of my shorthand notes so taken as		
11	aforesaid, and contains all the proceedings		
12	given at said audio recording.		
13			
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15	NAME OF THE PARTY		
16	E HOTCA		
17		-	
18	Chunk andech		
19	Notary Public, Lake County, Illinois C.S.R. License No. 084-03710		
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EXHIBIT 30

MONEX PRECIOUS METALS

TRANSCRIPT OF FILE

MNX-CFTC-00530718

REPORTED BY: CHERYL L. SANDECKI, CSR, RPR

LICENSE NO.: 084-03710

JOB NO.: 7675

Kruse Associates, Ltd.

DAN TYLER: But what I try to do in every call, whether it's a PDS call or a -- or an in-coming ad call is I want to find out what do they want, how much of it do they want, why do they want it. And people will buy for their reasons and not for yours. And it's very important for me to ask you called in because of the goal ad. Why do you like gold?

And they will give me a reason or two.

Sometimes they don't have any. If they don't, I give them some. And if they have one or two reasons, I might enhance it and go to a couple more bullets that I think might be germane, it might be important. So then I want to find out how much are they willing to invest with us.

And the two things that are really important to me is to find out what do they want and how much of it -- well, three things. How much of it do they want and -- and who is going to make a decision, will it be the husband, will it be the person I'm talking to. Those are the qualifying questions I always ask is: When you do make these investment decisions, do you make them independently or do you need to consult

with someone.

I don't want to get to the close and find out that I have a problem. Okay. When you get to the close, somebody will say, "Well, you know, I will need to talk to my husband or I need to talk to my account executive or I need to talk to my pet rock." So what do you have? You have an invisible third party and it's impossible to close those people.

So anyway, again, what do you want?
Why did you call? Why do you like it? And how
much of it do you want. That's basically it.

And without those things, I can't prioritize the person that I'm talking to. And that to me is the essence of everything that you do here, is to prioritize your people. Okay. Who do you spend time with, who don't you spend time with.

It means if somebody doesn't have any money and you find out very quickly, I will get off the phone, send them a package and get on to my next call and do something else that might be productive. But I don't like wasting time.

But, again, it all depends on how much

Page 4 money are we talking about. If I have someone 1 2 that has 2, \$3,000 to invest, I do it very 3 quickly. I find out what they want. I send them out the information. We try to do what 4 5 they want to do. But as far as my time is concerned, 6 7 they get a limited amount of time. The more 8 money they have, the more time I spend with 9 them, the more bonding I get into. That's the 10 nature of sales. You know, you prioritize. And again, my original conversation 11 12 with people is to determine their value not to 13 make a sale. Once I determine their value, then 14 that leads to the sale, whether it's the first 15 call, second call, the third call. But I want to know how much value is there. Those are the 16 17 important things to me. My calls are simple. They are very 18 simple. Okay. And they don't take a hell of a 19 20 lot of time the first calls. Do I close on the first call? Well, I can't because I'm not 21 licensed to do that and I don't work for the 22 23 firm. But I can take people pretty close to it.

I try to get enough ammunition so that

Page 5 my second call is a good call. And many times I 1 2 hear from guys, "Well, my first call is good and 3 I got a great conversation with people and I can't close them. The second call seems to go 4 down the toilet." And most of the time, the 5 second call goes down the toilet because your 6 7 first call went down the toilet. You didn't do the things that you should be doing. Okay. 8 9 When I call people back, I want them to remember who I am. I want them to -- I want to 10 11 give them some information. 12 Do you remember we talked about the 13 weather in Chicago and you said it was pretty 14 bad, things -- that kind of thing. Okay. So we 15 are developing that kind of a relationship. 16 Okay. 17 People tell me what do you do in your second call. Well, you do on your second call 18 19 what you didn't do on your first call: You just 20 finish the deal. Usually, on the second call, 21 it's a closing call. It should be a closing 22 call. You should have everything ready to go.

that we had in the other room, that wasn't even

It's interesting, in that first session

23

Page 6 taped. I had about six or seven calls. And, 1 2 gosh, they were great. And one of the guys in 3 the second thought it's not a good idea to ask 4 for referrals in the first call, you know. So it's okay. I don't care when you ask, just as 5 long as you do it one time or another. But I 6 7 like to do it quickly and I think all you know 8 that because I may not have a chance, a second 9 chance at it, so I'm going to try to get as much 10 as I can now. 11 So -- so the preference for, you know, 12 a couple of the people is that, well, I'm just 13 going to wait. On the second or third call then 14 I have a better chance of getting it. That may 15 be true. But you may not get to the second or 16 third call, as I mentioned before. 17 So I had a lady call and she was 18 Hispanic and she was in -- she was from Chicago. And I asked her for a referral and she said, 19 20 "Well, I have a lot of friends" -- first of all, 21 she said that she and her husband would probably 22 want to initially start at \$5,000. Where was 23 the money? They had it in cash.

Then I asked her for referrals, and she



Page 7 said, "Well, I have a lot of people, you know, 1 2 that would be interested, especially relatives." 3 I said, "Well, why don't you give me, you know, 4 a couple names right now," just wanted to test whether or not she's honest with me. She gave 5 me three names to begin with and I asked her 6 7 what do these people do. One works for the mayor. The other is a loan officer. And she's 8 9 giving me -- you know, you can make assumptions, you know, because a lady called and you are 10 11 thinking -- and she didn't sound like she was --12 you know, like she had a lot of money. But she 13 sells real estate, okay, and her husband was a 14 loan officer I think as well. 15 So here she gave me three names and she says, "I have more. When you call back, I will 16 17 have some more names for you." And I qualified 18 each of the people. 19 So, you know, that doesn't happen a 20 lot, you know, but it does happen. But it only 21 happens if you ask. Okay. 22 We are going to, you know, take some 23 in-coming calls and they are going to be, 24 basically, the stuff that I do almost all the

Page 8 time, that is find out, you know, why they 1 2 called, they call on gold. Why do they like 3 gold. We go through that thing again. And they let them give me their reasons, enhance it, if I 4 5 can. UNIDENTIFIED SPEAKER: I love that 6 7 (inaudible), enhance that you get (inaudible). Yeah. And then find out how much 8 DAN TYLER: are we talking about. And I work really, really 9 10 hard at getting a dollar amount the first time. 11 It's -- it's just so important to me. Because I 12 don't think you can prioritize people unless you 13 know how much are we talking about. And I know 14 a lot of the guys are reluctant to do that. You know, it's first call and you may get some 15 16 resistance and there is no question about that. 17 UNIDENTIFIED SPEAKER: (Inaudible). DAN TYLER: Yeah. I do it quickly. But if 18 19 you do get any resistance -- but you have to 20 prepare for it. A good salesperson, you 21 anticipate problems. And if you are going to be 22 aggressive and ask those kinds of questions, you 23 can anticipate that somebody is going to say 24 none of your business, who are you, I don't know

Page 9 who you are, you are asking me questions that 1 2 are very personal. And I ran into that couple 3 times today. Okay. So if I run into those kind of 4 5 situations, my strategy is, "Well, George, I understand, I know how you feel." Okay. That's 6 7 empathy. And empathy, I think, is a great sales tool. And if I was in your position and someone 8 9 where to ask me the same kinds of questions, I 10 probably would respond the same way. So now we are okay with each other. Okay. We are right 11 12 there. 13 And then I would go on to explain why 14 I'm asking the questions. Okay. You tell me 15 why I have good reason to ask those questions. 16 Why? 17 UNIDENTIFIED SPEAKER: You will know where the money is. You will know it's available. 18 19 DAN TYLER: Well, yeah. But also because it's in their best interests that I'm asking the 20 21 questions. 22 UNIDENTIFIED SPEAKER: (Inaudible) trying to 23 get anything out of them. 24 DAN TYLER: Right, right.

Page 10 1 UNIDENTIFIED SPEAKER: Or, you know, 2 (inaudible). 3 DAN TYLER: This is why it's important. I never get into a selling posture, you know, too 4 5 privy without finding out, you know, how much money is involved, you know. And if it's 6 7 \$2,000, I'm not going to spend a great deal of time. I know how much time you spend with them. 8 9 I might give them one shot on it and I'm gone. 10 Okay. 11 But -- but, again, I want to find 12 out -- and if they do give me information, there 13 is a good indication that their interest level 14 is pretty good. If they don't give me 15 information, then I'm thinking interest is low. 16 And those are the things that I'm really looking 17 for, their interest level and how much money are 18 we talking about. 19 If they are willing to give me the 20 information, then their interest is pretty good, 21 okay, they were being honest with me. 22 Otherwise, I have some very strong suspicions 23 that this is somebody that's not really 24 interested in doing any investing. They want

Page 11 free information or whatever. Okay. 1 2 And the how much question. And I 3 really, really work hard at that time. And a lot of it depends on the information. "Well, 4 George, the information that we send to you will 5 depend on how much you are talking about. We 6 7 have a number of different programs, so help me with that. Personally, I really don't care 8 where you have your money. That's not important 9 to me. What's important is I do what's in your 10 11 best interests." 12 And I say that a lot to people. My 13 time is limited. I'm very conscious of my time. 14 I'm -- I'm generous with my money, but I'm very 15 cheap with my time. And -- and I think that I 16 can talk to enough people who are worth my time. And some of these may slip through your fingers. 17 I know that. 18 19 But you can have a whole file of people 20 like that and you get callback after callback 21 after callback. I will give you a perfect example. I 22 have a little checklist that I sometimes teach 23 24 in my seminars: These are the things that you

Page 12

need to know and the first contact that you have with people. It's, you know, how much money do they have, where do they have it, what are they interested and so on. It's a little checklist.

And I was back in New York. And I did a seminar there and I gave it to a group of people. And fade out, fade in, went back a year later. And I went to the manager and I said, you know, how are the people doing. He says, "Well, they are doing okay, but Rita is really doing an exceptional job. She has really caught on to this thing. She is annualizing at a half a million dollars in her first year." I said, "Well, what is she doing?" He said, "Why don't you talk to her."

Anyway, I got her in the hallway, and I said, "Rita, gosh, I'm really proud of you.

What are you doing?" She said, "You know that little checklist that you gave me?" "Yeah."

She said, "I had that on my desk and now I know it verbatim. But I have that on my desk and I was talking to prospects and it was boom, boom,

Kruse Associates, Ltd.

And it's like someone said, it's not

Page 13 the nos that kill you in this business, it's the 1 2 maybes. Okay. She said, "I feel like -- I feel 3 4 like a pilot sitting at the end of the runway. 5 Check fuel, check flaps, check this, you know, with a little checklist." And she said, "I 6 7 don't go down the runway with baggage. I go down the runway with paying customers." And how 8 9 do you pay your fare, you pay your fare by 10 letting me know that you are really serious by 11 doing busy with me. 12 Her callback system is like that. But 13 she will close four out of five people. That's 14 high. That impresses me. 15 And I rarely ever call anybody 16 Mister Something. I will call a doctor a 17 doctor. He expects it and you should do it. 18 Okay. 19 If I'm talking to an older guy who was 20 president with the chamber of commerce, a 21 revered, loved man, I might call him Mr. Smith 22 one time and ask permission to use his first 23 name. 24 But those are the only times that I

Page 14 would ever not call a person by their first 1 2 name. And I never do sir, how high should I 3 jump, sir. What I'm trying to do, especially when 4 5 talking to high net worth people, who does he trust more than anybody else in the world? 6 Himself, he is goo, he is mayor. And who does 7 he deal with? People just like yourself. 8 That's the narcissism. You know, they see their 9 10 reflection and they fall in love and they will 11 do business with people just like themselves. 12 So if you go out as wimpy, you might 13 get the dog meat, you know, but you're not going to get the serious dough. But if you go at them 14 15 with a lot of confidence like you know what 16 you're doing, you know, and you are good at your 17 job, you are a professional, they will share with you and they will also do business with 18 19 you. 20 (End of Track 1.) 21 (Beginning of Track 2.) DAN TYLER: Hello, Monex. 22 23 MARGO HILL: This is Margo Hill. Can you 24 spend me out a copy of your CD?

```
Page 15
       DAN TYLER: I'll be happy. You're a friendly
1
 2
    lady, Margo.
 3
         MARGO HILL: Oh, I've been told that.
        DAN TYLER: Yeah. Well, that's good. Margo,
 4
 5
     what is your last name?
        MARGO HILL: Hill, H-I-L-L.
 6
 7
         DAN TYLER: Okay. And what is your street
     address?
 8
9
        MARGO HILL: 5214 (inaudible) 72nd Avenue,
     apartment number 39, Portland, Oregon 97206.
10
11
         DAN TYLER: Okay. That's one of my favorite
12
     cities.
        MARGO HILL: Which is that?
13
14
         DAN TYLER: Portland, the rose city, right?
15
        MARGO HILL: But of course.
16
        DAN TYLER: Okay.
17
        MARGO HILL: And where are you?
18
        DAN TYLER: I'm in Newport Beach, California.
19
        MARGO HILL: Oh.
20
        DAN TYLER: My name is Dan Tyler, by the way.
21
        MARGO HILL: Tyler?
22
         DAN TYLER: Yeah. What is your phone number
23
     there, Margo?
24
         MARGO HILL: Actually, I'd rather not give
```

```
Page 16
     out my number. I want to check it out and call
1
 2
    back and, of course, gold is always the way to
 3
     go, so...
 4
        DAN TYLER: You like gold?
 5
        MARGO HILL: I love gold.
        DAN TYLER: It's important that we get your
 6
7
     telephone number because want to get back to you
8
     just to be sure you receive the information.
9
     And we don't sell it to other people. We don't
     pass it on to other people. And it's very
10
11
    private, so we have that kind of a relationship.
12
              So would you share your phone number
13
     with me?
14
        MARGO HILL: Well, I tell you what. Our
15
     phone number is being changed on Friday and I
16
     have no idea what the new one is.
17
         DAN TYLER: Okay. So -- so -- so can we go
    to information and get that number?
18
19
        MARGO HILL: I don't know.
20
        DAN TYLER: Do you have a cell phone?
21
        MARGO HILL: No. But I have a website.
        DAN TYLER: Okay. What was your website?
22
23
        MARGO HILL: It's a, ha, baby doll is my
24
     nickname. It's fussy, F-U-S-S-Y,
```

```
Page 17
     babydoll@yahoo.com.
1
 2
        DAN TYLER: Fussybabydoll?
        MARGO HILL: Yes. It's (inaudible).
 3
        DAN TYLER: Is that a good description of
 4
 5
     you?
 6
        MARGO HILL: No, not at all. Well, a little
 7
    bit.
         DAN TYLER: A little bit. Okay. What does
 8
     your husband think of that?
9
10
        MARGO HILL: Well, that's the one that -- the
11
     nickname he gave in the first place.
12
        DAN TYLER: Okay. It's
13
    www.fussybabydoll.com.
14
        MARGO HILL: Yes.
15
        DAN TYLER: Okay.
16
        MARGO HILL: With an e-mail. E-mail address.
17
        DAN TYLER: Right.
18
        MARGO HILL: Right.
19
        DAN TYLER: Okay. What phone number are you
20
     calling from right now?
21
        MARGO HILL: Oh, I can't give that out.
22
     That's my daughter's.
23
        DAN TYLER: Your daughter's?
24
        MARGO HILL: Yeah.
```

Page 18 DAN TYLER: Okay. Margo, what is it that 1 2 you're specifically interested in? You said 3 that gold is the way to go? 4 MARGO HILL: Yes. 5 DAN TYLER: Why do you feel that. MARGO HILL: Well, with Bush at the helm, 6 7 what could I say. You know, the dollar is 8 devaluing by -- by the minute, so... DAN TYLER: Okay. That's one of the good 9 10 reasons. Are you aware what gold has done in 11 the last year, year and a half? 12 MARGO HILL: No. But you know what, I really 13 got to run Tyler. Send that out to me and I'll 14 be back to you, okay? 15 DAN TYLER: Let me ask you one more question, 16 Margo. If you did decide that you wanted to do 17 this, what are you looking at in terms of the financial commitment? 5,000? 20,000, more or 18 19 less? What are you comfortable? 20 MARGO HILL: More -- more around 20. 21 DAN TYLER: Around 20,000? 22 MARGO HILL: Right. 23 DAN TYLER: Okay. Is that money liquid and 24 ready to go if you decided you wanted to do it?

```
Page 19
        MARGO HILL: Soon.
1
 2
        DAN TYLER: Soon. Okay. So do you have to
 3
     sell something or --
 4
        MARGO HILL: Right.
 5
        DAN TYLER: Okay. What is it that you have
     to sell?
 6
 7
        MARGO HILL: People -- why -- why are we
     going into this?
 8
9
         DAN TYLER: Because our markets are very
10
     volatile.
        MARGO HILL: Oh, I understand that.
11
        DAN TYLER: Okay. And --
12
        MARGO HILL: We're -- we're trying -- trying
13
14
     to get things changed over because we don't
15
     trust anything right now in the United States as
16
     far as the dollar.
17
        DAN TYLER: Is that right? Do you plan on
     moving to Canada?
18
19
        MARGO HILL: No, we are going to try to see
20
     if we can get the United States back, okay?
21
         DAN TYLER: Well, I think that --
22
        MARGO HILL: Excuse me, I gotta run.
23
        DAN TYLER: That's a noble cause. Thanks for
24
     your time.
```

```
Page 20
         MARGO HILL: Bye.
1
 2
         DAN TYLER: Bye-bye.
 3
 4
         DAN TYLER: Well?
 5
         UNIDENTIFIED SPEAKER: Well, number one, the
     only thing I would have changed in that
 6
7
     situation is I always ask when they call up, in
8
     order to get the package, I need the name, I
9
     need your address, I need a phone number to
10
     proceed.
11
         DAN TYLER: So you will hold it hostage,
12
     right? Yeah, okay.
13
         UNIDENTIFIED SPEAKER: And then they have to
14
     give me a name and phone number. If they don't
15
     give me a name and phone number and it doesn't
16
    match with this, I'm going to deal -- I figure
17
     I'm dealing with somebody that's pretty
     dishonest and I'm probably not getting anywhere,
18
19
     so I assume that. That's what I do.
20
              So the idea of -- we need a phone
21
     number. More so, we need to deal with a
22
     controllable honest person. Because if they are
23
     not controllable and they are not honest --
24
         DAN TYLER: All right.
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Page 21 UNIDENTIFIED SPEAKER: -- we don't need their 1 2 business. Because you know what will happen, we 3 will make an owner and they won't send the 4 money. UNIDENTIFIED SPEAKER: Good point. But I 5 used to stumble over the phone number a lot 6 7 until we had the (inaudible). And then I say (inaudible) I say if you get to (inaudible) that 8 9 overcomes 90 percent of the (inaudible). Oh, okay and they give it. 10 11 UNIDENTIFIED SPEAKER: Obviously, this one 12 is --13 UNIDENTIFIED SPEAKER: (Inaudible). 14 UNIDENTIFIED SPEAKER: This one's a little 15 bit -- that this might not work, RJ. This 16 particular person seemed to be somebody who had 17 an idea already formatted in her mind. UNIDENTIFIED SPEAKER: I would think with 18 19 that, she's showing that she's already looked at 20 the market. 21 UNIDENTIFIED SPEAKER: Right. UNIDENTIFIED SPEAKER: Why are you calling 22 23 for the information. I want to know why she is 24 calling. Because if you can find out why they

Page 22 want the information, then I got them. They 1 2 want my information. Well, if you want my 3 information, then this is what I need. Okay. 4 But this lady was saying, well, the 5 dollar -- she's giving all these reasons. 6 DAN TYLER: She has the reasons. 7 UNIDENTIFIED SPEAKER: He has got something on her mind. 8 UNIDENTIFIED SPEAKER: She's is on the net. 9 10 She's on the net. Obviously, she's on the web. 11 She knows all the key points anyhow. So what 12 does she need our CD for anyhow? UNIDENTIFIED SPEAKER: That's what I'm 13 14 saying. So I want to find out from her, what's 15 making you call us. What is it you're getting 16 ready to do? What are you -- get her talking 17 about what it is she's really trying to do and then I'm more into her mind. And it will be 18 easier at the end to say, you know, I need this 19 20 telephone number so I can get back to you and 21 provide this much information or do this to get 22 into the process. DAN TYLER: Hello, Monex. 23

UNIDENTIFIED SPEAKER: Than I will now.

24

Page 23 1 MICHAEL KLEIN: Yes, I see your program 2 advertised about the gold. And I have been 3 saving U.S. minted gold, so I would like to find 4 out what you have. It was on T.V. that they 5 have this gold Monex publication. DAN TYLER: Yeah, we have something. You say 6 7 you've been saving what. I'm sorry, I didn't 8 get that. 9 MICHAEL KLEIN: The gold offer by the U.S. 10 Mint. 11 DAN TYLER: Okay. Give me your name, please. 12 MICHAEL KLEIN: My name is Klein, K-L-E-I-N. 13 First name Michael, M-I-C-H-A-E-L. 14 DAN TYLER: Okay. 15 MICHAEL KLEIN: Street address. 16 DAN TYLER: No. What is your last name? 17 MICHAEL KLEIN: Klein, K-L-E-I-N. 18 DAN TYLER: Okay, Michael. 19 MICHAEL KLEIN: Hi. DAN TYLER: What is your street address? 20 21 MICHAEL KLEIN: Ten Summerset Court. And 22 Summerset is one word and the usual summer, 23 summer, winter, spring, fall. Add on S-E-T to 24 the word summer as one word.

```
Page 24
       DAN TYLER: Summerset.
1
 2
        MICHAEL KLEIN: Court. Supreme Court,
 3
     District Court, city court.
        DAN TYLER: Ha, ha, ha, ha, this is going to
 4
 5
    be a lot of fun. I can tell.
        MICHAEL KLEIN: It's in Lynn, Lynn. Want to
 6
 7
    have some fun, Lynn Lynn (inaudible).
        DAN TYLER: Okay, Michael.
 8
9
        MICHAEL KLEIN: Do you want the zip?
        DAN TYLER: Well, I want where do you live?
10
11
     What -- what is your city and state?
12
        MICHAEL kLEIN: Oh, that's it, Lynn,
13
    Massachusetts.
14
         DAN TYLER: Lynn, I know where that is.
15
        MICHAEL KLEIN: Okay. And the zip. The zip
16
     is -- if you were ready.
17
        DAN TYLER: Yes.
        MICHAEL KLEIN: -- 01905.
18
19
        DAN TYLER: I'm sorry 01 what?
20
        MICHAEL KLEIN: 905.
21
        DAN TYLER: 905. Michael Klein, that's an
     unusual name for Massachusetts. It's more like
22
23
     O'Reilly.
24
        MICHAEL KLEIN: He have been --
```

```
Page 25
       DAN TYLER: Kevin.
1
 2
        MICHAEL KLEIN: You will be surprised. Most
 3
     of the (inaudible) is the Irish, then the
 4
     Italians, and you hit them all, Portuguese, all
 5
     the religions, Jews, everyone.
         DAN TYLER: Michael, what is your phone
 6
 7
     number there?
        MICHAEL KLEIN: It's 781-842-3123.
 8
9
         DAN TYLER: And what is it that you are
     interested in, Michael? Is it gold?
10
11
         MICHAEL KLEIN: Basically gold. I just want
12
     to see what -- you know what --
13
         DAN TYLER: Why do you like gold?
14
         MICHAEL KLEIN: Why do I like it?
15
        DAN TYLER: Why, yeah.
16
        MICHAEL KLEIN: Why?
17
        DAN TYLER: Yeah.
        MICHAEL KLEIN: I have been all over the
18
     world. Uncle Sam sent me all over the world and
19
20
     I got them from many different countries while I
21
     was there, Thailand, Greece.
22
         DAN TYLER: Yeah. Why do you think this is a
     good time to buy gold?
23
24
         MICHAEL KLEIN: Oh, gold is going up.
                                                It's
```

```
Page 26
     in the mint (inaudible) $70 with the mint.
1
 2
        DAN TYLER: Yeah, it's done really well,
 3
    hasn't it? You've been following it.
        MICHAEL KLEIN: There is no question about
 4
 5
     it. Mike Savage keeps advertising about that
     too. I don't know if you know Mike Savage.
 6
 7
         DAN TYLER: No, I don't.
        MICHAEL KLEIN: He's a talk show host. He
 8
9
     pushes the metal --
10
         DAN TYLER: Uh-huh.
        MICHAEL KLEIN: -- (inaudible) organization.
11
12
        DAN TYLER: What kind of work do you do,
13
    Michael?
14
        MICHAEL KLEIN: Huh?
15
         DAN TYLER: What kind of work do you do?
        MICHAEL KLEIN: I'm retired. I was an
16
17
     analyst.
18
         DAN TYLER: What kind of an analyst?
19
        MICHAEL KLEIN: Defense department. I have
20
     -- I have special studies. I traveled all over
21
     the globe.
22
        DAN TYLER: Wow.
        MICHAEL KLEIN: I've been in countries --
23
24
     countries, some of them twice. (Inaudible),
```

Page 27 sometimes two. But I always have a job back 1 2 when I return. DAN TYLER: Michael, we have a number of 3 different programs here. And what we would like 4 5 to do is send some information out that would be appropriate for your needs. What are you 6 7 looking at in terms of a financial commitment? 20, 30,000, more or less? 8 MICHAEL KLEIN: Well, it's, you know... 9 DAN TYLER: Somewhere around 20? 10 11 MICHAEL KLEIN: If you want a program in 12 investment? DAN TYLER: Yeah, if you did decide that it 13 14 was something that you really felt good about 15 and that the returns were there and it 16 represented a good opportunity, what are you 17 looking at in terms of the financial commitment? 20 --18 19 MICHAEL KLEIN: You know whatever -- whatever 20 I decide would be passed on to, you know, I got 21 a couple of kids, two boys now, of course. 22 DAN TYLER: I think that's an honorable thing 23 to do. But give me a number so that we have 24 some kind of ballpark to work with.

```
Page 28
        MICHAEL KLEIN: I want to say probably
1
 2
     minimum of ten years anyway. But...
 3
         DAN TYLER: No. I mean, as far as the
     dollars are concerned, as an investment, what
 4
 5
     are you looking at, 10, 20,000?
        MICHAEL KLEIN: I wouldn't go over, say, 10.
 6
 7
         DAN TYLER: You would go about 10.
        MICHAEL KLEIN: Maximum 10, but that would be
 8
9
     unusual going that high.
         DAN TYLER: Okay. And how would you disburse
10
11
     that to your children?
12
        MICHAEL KLEIN: Oh, it's (inaudible).
13
        DAN TYLER: How many do you have?
14
        MICHAEL KLEIN: Excuse me?
15
        DAN TYLER: How many children do you have?
16
        MICHAEL KLEIN:
                        Two.
17
        DAN TYLER: Two. Okay. That's about 5,000
     each.
18
19
        MICHAEL KLEIN: Something to that effect.
20
         DAN TYLER: Are you thinking in terms of
21
     buying coins and passing it on to them?
22
         MICHAEL KLEIN: Well, in kind, that's --
23
     that's right.
24
         DAN TYLER: Okay.
```

```
Page 29
        MICHAEL KLEIN: Basically, the way I'm -- way
1
2
    I'm looking at it.
 3
         DAN TYLER: And hopefully your 10,000 will
     turn to 20,000 by the time it's passed on to
4
5
     them.
        MICHAEL KLEIN: Well, we don't know. We --
6
7
    but we will see what we -- you know, you have in
     the way of information.
8
9
         DAN TYLER: Okay.
        MICHAEL KLEIN: And then I can read it,
10
11
     digest it, see what --
12
         DAN TYLER: Okay. We will take you step by
13
     step through the whole process.
14
              Michael, when you do make investment
15
    decisions, do you make them independently or
16
     need to consult with someone?
17
        MICHAEL KLEIN: Oh, I sometimes discuss it
    with my wife.
18
19
        DAN TYLER: Okay.
        MICHAEL KLEIN: My friends.
20
21
        DAN TYLER: Okay.
22
        MICHAEL KLEIN: And, you know, let them know
23
     what -- what we think and we try to arrive at a
24
     satisfactory or successful conclusion.
```

Page 30 DAN TYLER: Okay. We can do that. Michael, 1 2 who else do you know that might be interested in 3 looking at an exceptional investment opportunity? Would you think about that for a 4 5 second or two? Give it some thought. MICHAEL KLEIN: Well, it's --6 7 DAN TYLER: You are thinking of someone. Who is it? 8 MICHAEL KLEIN: It's -- it's difficult. I'm 9 10 in a big housing area here. 11 DAN TYLER: Uh-huh. 12 MICHAEL KLEIN: And (inaudible) nothing 13 dealing with age 55 and above, anybody. 14 DAN TYLER: Who do you know that would be 15 interested in getting a higher return on their 16 investments? 17 MICHAEL KLEIN: That's right. Now that if I was still working, it would be easier to --18 19 DAN TYLER: Okay. Michael, I tell you what, 20 why don't you give it some thought. Let's time 21 we talk, maybe you'll have a name or two for us. 22 Fair enough? 23 MICHAEL KLEIN: All right. We will see what 24 we can do.

```
Page 31
     DAN TYLER: Okay. How about your sons, would
1
 2
     they be interested in giving a package?
 3
         MICHAEL KLEIN: No, just come to me and I'll
     work it out --
 4
 5
         DAN TYLER: Okay.
        MICHAEL KLEIN: -- with them.
 6
 7
        DAN TYLER: Thanks.
        MICHAEL KLEIN: They're busy, you know,
 8
     working this, that, and the other.
9
10
         DAN TYLER: Okay, thanks, Michael.
11
        MICHAEL KLEIN: Okay then.
12
        DAN TYLER: We'll get this information out to
13
    you. Thank you, bye-bye.
14
        MICHAEL KLEIN: Okay.
15
16
         DAN TYLER: Hello, Monex.
17
        DIANE WILLIAMS: Yes. Could I get some
     information sent out, please?
18
         DAN TYLER: Okay. I will be happy to do
19
20
     that. Who am I speaking with?
21
        DIANE WILLIAMS: Diane.
22
         DAN TYLER: Okay.
23
         DIANE WILLIAMS: Williams.
24
         DAN TYLER: That's the easiest name I have
```

```
Page 32
    had today.
1
 2
        DIANE WILLIAMS: Wonderful.
        DAN TYLER: Diane Williams. I can do that
 3
4
    without any help from you.
5
        DIANE WILLIAMS: All right.
        DAN TYLER: Okay, Diane. What is your street
6
7
    address?
8
         DIANE WILLIAMS: 163 Kendrick,
    K-E-N-D-R-I-C-K, Hello?
9
        DAN TYLER: Yes.
10
        DIANE WILLIAMS: Okay. Kendrick.
11
12
        DAN TYLER: Is that street, road?
13
        DIANE WILLIAMS: Ave.
14
        DAN TYLER: Ave, okay. And where is that?
15
        DIANE WILLIAMS: Quincy, Massachusetts,
16
    Q-U-I-N-C-Y.
17
        DAN TYLER: C-Y.
18
        DIANE WILLIAMS: Correct.
19
        DAN TYLER: Quincy, Mass.
20
        DIANE WILLIAMS: Yes.
21
        DAN TYLER: I know where you are.
22
        DIANE WILLIAMS: Pardon me?
23
        DAN TYLER: I know where you are.
24
        DIANE WILLIAMS: Oh, you do? Good. Where
```

```
Page 33
     will are you located?
1
 2
        DAN TYLER: Well, I'm in Newport Beach,
 3
    California, but I'm originally from Connecticut.
 4
        DIANE WILLIAMS: Okay, good.
 5
        DAN TYLER: Boy, you are getting some lousy
    weather back there, aren't you?
 6
7
        DIANE WILLIAMS: Certainly are. I'm looking
     out the window right now. We're --
 8
9
        DAN TYLER: Don't tell me what you have
     there. I'm looking at palm trees.
10
11
     DIANE WILLIAMS: Oh, okay. Let's stick to
12
     this.
        DAN TYLER: Okay. Give me -- give me a phone
13
    number.
14
15
        DIANE WILLIAMS: Area code 617 --
16
        DAN TYLER: Okay.
17
      DIANE WILLIAMS: -- 328-5451.
18
      DAN TYLER: What is your zip there?
19
        DIANE WILLIAMS: 02169.
20
        DAN TYLER: Okay. What is it specifically
21
     that you are interested in, Diane?
22
         DIANE WILLIAMS: I just wanted that
23
     information pack about gold.
24
        DAN TYLER: Okay. Is this a sudden interest
```

```
Page 34
1
     in gold or have you had any interest in the
 2
     past?
         DIANE WILLIAMS: Well, I collect gold.
 3
         DAN TYLER: Do you? In what form? Coins?
 4
 5
         DIANE WILLIAMS: Any form.
 6
        DAN TYLER: Really?
 7
        DIANE WILLIAMS: Yes.
         DAN TYLER: Okay. Well, you've done really
 8
     well this last year, year and a half, haven't
9
10
     you? Have you been following the price of gold?
11
         DIANE WILLIAMS: Yes. And it's just
12
     accumulating and I'd like to know more about it.
13
         DAN TYLER: Okay. Diane, if you did decided
14
     that you wanted to do something with us, what
15
     are you looking at in terms of a financial
     commitment. We have a number of different
16
17
     programs. And what we send out to you would
18
     depend on what you are looking at.
19
              We have people who spend a million
     dollars with us. We have people that spend a
20
21
     lot less. So what are you looking at? 5? 10?
22
     15,000? What's comfortable for you?
23
        DIANE WILLIAMS: 20, 30.
24
         DAN TYLER: 20 or 30,000?
```

```
Page 35
        DIANE WILLIAMS: Yeah, at least that. Yes.
1
 2
        DAN TYLER: At least that. Okay. If you
 3
     really -- now, that's if you liked it. If you
4
     loved it, you would probably go to 40 or
 5
     $50,000?
        DIANE WILLIAMS: Yes.
 6
7
        DAN TYLER: Okay. And where is that money
     right now? Is it liquid?
8
         DIANE WILLIAMS: No.
9
        DAN TYLER: Okay. Do you have to sell
10
11
     something?
12
         DIANE WILLIAMS: Once I get all the
13
     information, I would be glad to forward my
     information.
14
15
        DAN TYLER: Oh, okay.
16
        DIANE WILLIAMS: Okay.
17
        DAN TYLER: The reason I'm asking is because
18
    my -- my job is to do the best that I can and do
19
     what's in the best interests of the people that
20
     I talk to. And if I have an overview of your
21
    portfolio, then I have a pretty good idea of
22
    what makes sense, what fits and make the right
23
     recommendations. Of course, you will always
24
     have that decision as to whether or not you want
```

Page 36 to do it. 1 2 But if I am going to make a 3 recommendation, I want to make sure that I do what's in your best interests, so that's why I'm 4 5 asking the questions. Personally, I don't care where you have your money. But professionally, 6 7 it's important for me to know that. 8 DIANE WILLIAMS: Okay. 9 DAN TYLER: Do you understand that? I'm sure 10 you do. DIANE WILLIAMS: Yes, I do. And I gave you a 11 12 suffice amount of information, correct? DAN TYLER: Okay. I think that will take 13 14 care of it. 15 One other thing, Diane. Who else do 16 you know that might be interested in looking at 17 something like this? Do you have any friends, 18 relatives, rich friends that might like to look 19 at this kind of thing? DIANE WILLIAMS: Yes, I have several. And as 20 21 a matter of fact, I will even show them the 22 information that will be forwarded to me. DAN TYLER: Okay. I will be happy to do 23 24 that. Or if you would like, you can give us a

```
Page 37
     name and number and we can send something out to
1
 2
     them, whichever you prefer.
 3
         DIANE WILLIAMS: No, not at this point. I'm
 4
     not at liberty to do that. Thank you.
 5
         DAN TYLER: Yeah. What kind of work do you
 6
     do, Diane?
 7
         DIANE WILLIAMS: You know, what, sir.
         DAN TYLER: You are getting impatient with
 8
     me, aren't you?
9
10
         DIANE WILLIAMS: No. No, no, no.
11
     understand you are doing your job. I'm
12
     self-employed.
13
         DAN TYLER: Okay. You're an entrepreneur.
14
     The personification of the capitalist system and
15
     we like dealing with people like that.
16
         DIANE WILLIAMS: Yes.
17
         DAN TYLER: We find the people that do the
18
     kind of work you do understand our markets very
19
     well. Diane, I'm going to end the conversation.
     I think it's peaked out, don't you?
20
21
         DIANE WILLIAMS: Okay, love.
22
         DAN TYLER: Okay, dear. Thanks.
         DIANE WILLIAMS: All right. Thank you.
23
24
         DAN TYLER: All right. Bye-bye.
```

```
Page 38
1
        DIANE WILLIAMS: Bye-bye.
                           * * *
 2
 3
        DAN TYLER: Hello, Monex. Hello?
        YVONNE HAMRICK: Hello.
 4
 5
        DAN TYLER: Yes. How are you doing?
        YVONNE HAMRICK: Oh, I'm okay. How about
 6
7
     you?
         DAN TYLER: Terrific. Thanks for asking.
 8
9
     Who am I speaking with?
10
        YVONNE HAMRICK: I am Yvonne Hamrick with my
11
    husband Floyd Hamrick. We would like you to
12
     send him one of your free catalogues.
13
        DAN TYLER: Okay. Last name is Hendrick.
14
        YVONNE HAMRICK: Hamrick, H-A-M-R-I-C-K.
15
        DAN TYLER: Okay. Got it. And you are
16
    calling for Floyd.
17
        YVONNE HAMRICK: Yes, I am.
        DAN TYLER: Okay. What is your -- your
18
19
     street address?
20
        YVONNE HAMRICK: 509 Walter Street,
21
    W-A-L-T-E-R.
22
         DAN TYLER: Okay. And where is that?
        THE WITNESS: Pasadena, Texas.
23
24
        DAN TYLER: Never met a Texan I didn't like.
```

- 10			- 1
		Page	39
1	YVONNE HAMRICK: Ha, ha, ha. Thank you.		
2	DAN TYLER: Okay. What is your zip there?		
3	YVONNE HAMRICK: 77776.		
4	DAN TYLER: Where is Pasadena, Texas?		
5	YVONNE HAMRICK: It is about 20 miles from		
6	Houston.		
7	DAN TYLER: That's that's a pretty place.		
8	YVONNE HAMRICK: The east side of Texas		
9	yeah, I mean Houston.		
10	DAN TYLER: Okay. What is what is your		
11	name by the way?		
12	YVONNE HAMRICK: Yvonne.		
13	DAN TYLER: Yvonne, you did say that. Okay,		
14	Yvonne		
15	YVONNE HAMRICK: Right.		
16	DAN TYLER: what is your phone number?		
17	YVONNE HAMRICK: 713-477-4494.		
18	DAN TYLER: 4494, okay. Would it make any		
19	sense for us to talk to your husband. We will		
20	send you the information. But we have a couple		
21	questions we wanted to ask. Should we ask him		
22	or you, Yvonne?		
23	YVONNE HAMRICK: Hold on just a second.		
24	DAN TYLER: Okay.		

```
Page 40
1
         FLOYD HAMRICK: Hey.
 2
        DAN TYLER: Hi, Floyd, how are you doing?
 3
         FLOYD HAMRICK: I have been watching this on
     T.V. and I've been investing money everywhere I
4
5
     can, you know a little bit I can. But I have
    been interested. How do you invest in gold and
6
7
     all?
         DAN TYLER: Well, we got a lot of ways that
8
     you can do that, Floyd. Have you ever done any
9
     investing at all in other things like stocks and
10
11
    bonds?
12
         FLOYD HAMRICK: Well, a little bit at the
13
    bank, just, you know, mutual funds or whatever
14
     you call that.
15
         DAN TYLER: Yeah, what kind of mutual
     funds --
16
         FLOYD HAMRICK: I don't know just
17
     (inaudible).
18
19
         DAN TYLER: Yeah, yeah.
20
         FLOYD HAMRICK: I want to figure out how to
21
    make some money, what I was doing. They said
22
     free book buy gold.
         DAN TYLER: Well, we can show you that.
23
24
         FLOYD HAMRICK: I don't want to get obligated
```

Page 41 to y'all or nothing or in debt or nothing. I 1 2 just want to see and go from there, you know. 3 DAN TYLER: I understand. Okay. And we will 4 take you along very slowly, tell you about our 5 programs and then you make the decision on what you want to do. Of course, that will always be 6 7 your decision to do. All right. And we will try to do whatever is in your best interest, 8 9 Floyd. What are you looking at in terms of a 10 11 financial commitment? Are you talking about 12 50,000, 100,000, more or less? FLOYD HAMRICK: Oh, no. I ain't got that 13 14 kind of money. 15 DAN TYLER: Okay. Well, what are you 16 comfortable with? 17 FLOYD HAMRICK: I ain't got no kind of money. 18 I was just wanting that book just to see how you 19 invest in gold and check up on it now, you know. 20 DAN TYLER: Well, we can show you how to do 21 it. But then it becomes a matter of when you do 22 something, if you decide it's something --23 FLOYD HAMRICK: Well, that's the problem. 24 See, I may not be able to do it. I ain't that

```
Page 42
    poor -- I'm pretty poor right now.
1
 2
        DAN TYLER: Okay. Well, I'm sorry to hear
 3
     that and I hope things get better for your.
     When do you think things will get better?
4
 5
         FLOYD HAMRICK: I don't know.
        DAN TYLER: Okay. If you had to get your
 6
7
    hands on 5,000 in an emergency, where would you
8
     go to get it.
9
        YVONNE HAMRICK: Oh, I would have to borrow
10
     it.
11
        DAN TYLER: And probably use your automobile
12
     or your home as collateral?
13
        FLOYD HAMRICK: I don't know about that. I
14
     ain't putting a car or my house --
15
        DAN TYLER: Are you retired, Floyd?
16
        FLOYD HAMRICK: Yeah.
17
    DAN TYLER: What did you do in your other
    life?
18
19
        FLOYD HAMRICK: Huh?
        DAN TYLER: What did you do when you were
20
21
    working?
22
         FLOYD HAMRICK: 33 years in the welding, oil
23
     field work, all hard labor.
24
        DAN TYLER: Great. And did you manage to
```

Page 43 1 save any money. 2 FLOYD HAMRICK: Little bit, not much. Gold 3 is worth a lot nowadays. DAN TYLER: Yeah. Well, you know, Floyd, you 4 5 can't make any money unless you have money to invest. 6 7 FLOYD HAMRICK: Yeah, I realize that. DAN TYLER: Okay. Well, you said that you 8 wanted to make some money. We can show you 9 10 that. But it does take some money. I'm sure 11 you agree with that. 12 FLOYD HAMRICK: Well, I got -- I got -- I'm 13 in CD and it just ain't taking none, 3 percent. 14 DAN TYLER: Right, pretty horrible. Okay. 15 Are those CDs going to mature very soon? FLOYD HAMRICK: Not about another year or 16 17 two, some of them, you know. 18 DAN TYLER: Is that where the money would 19 have to come from? FLOYD HAMRICK: Well, I got a little bit in 20 21 the savings account. I ain't got much money at 22 all. I'm just trying to figure out, buy some of 23 that gold now and hold it and maybe just making 24 some money.

Page 44 DAN TYLER: Well, we can do that for you. 1 2 But it does take some money to buy it. 3 FLOYD HAMRICK: Yes. DAN TYLER: What are you looking at if you 4 5 were -- if you did want to do something? If you saw something that was really exceptional to 6 7 you, what are you looking at? \$1,000? 2,000? What are you comfortable with? 8 FLOYD HAMRICK: I don't know. I thought 9 maybe \$5,000 worth something, you know, just to 10 11 see how it works. (Inaudible) a damn. 12 DAN TYLER: Okay. I tell you what, Floyd, we 13 will get the information out to you and then we will go from there. Fair enough? 14 FLOYD HAMRICK: I guess. I ain't promising 15 16 nothing. I just want to (inaudible). 17 DAN TYLER: I'm not asking for any promises, 18 Floyd. Who else do you know that might be 19 interested in looking at an exceptional investment idea? Do you have any rich friends? 20 21 FLOYD HAMRICK: No. They are all poor folks. 22 DAN TYLER: Ha, ha, okay, Floyd. I would 23 find a new circle of friends, if I were are you. 24 (Laughter).

```
Page 45
         FLOYD HAMRICK: (Inaudible) friends.
1
 2
         DAN TYLER: Yeah, thanks for your time.
 3
         FLOYD HAMRICK: Okay. Thank you.
 4
         DAN TYLER: Bye-bye.
 5
         FLOYD HAMRICK: Bye.
 6
 7
         DAN TYLER: Hello, Monex.
         DONALD SCHAK: Hello.
 8
         DAN TYLER: Yes.
9
         DONALD SCHAK: Yes, sir. I'm looking
10
11
     (inaudible) lady that I would like to get some
12
     info on this gold value.
13
         DAN TYLER: Okay. I'll be happy to do that.
14
     May I have a name?
         DONALD SCHAK: Yeah, Donald Schak, S-C-H-A-K.
15
16
        DAN TYLER: S-C-H-A-K?
17
        DONALD SCHAK: Yeah. And what is your name?
18
         DAN TYLER: My name is Dan Tyler. Nice to
19
     meet you.
         DONALD SCHAK: Yeah, likewise. Dan Tyler.
20
21
         DAN TYLER: Right. Donald, what is your
22
     street address?
23
         DONALD SCHAK: I'm here now -- I'm here for a
24
     little while in Florida.
```

```
Page 46
    DAN TYLER: Well, where can I send the
1
 2
    information, Donald?
        DONALD SCHAK: You can send it right to --
 3
        DAN TYLER: Street address.
 4
 5
        DONALD SCHAK: 30 -- sweetheart, what's our
    address here. That's right, 3040 Grand Bay
 6
 7
    Boulevard.
        DAN TYLER: Is that 3040?
 8
        DONALD SCHAK: Yes.
9
10
      DAN TYLER: Okay. 3040?
        DONALD SCHAK: Grand Bay Boulevard.
11
12
        DAN TYLER: Spell that.
13
        DONALD SCHAK: Longboat Key.
        DAN TYLER: No, spell that, the street
14
15
    address.
16
        DONALD SCHAK: Grand Bay, Grand Bay,
17
    G-R-A-N-D --
        DAN TYLER: Okay. I got it. I didn't
18
19
    understand the first time. My phone is not
20
    working that great.
21
        DONALD SCHAK: Grand Bay.
22
        DAN TYLER: Grand Bay Street.
        DONALD SCHAK: Grand Bay Boulevard.
23
24
        DAN TYLER: Boulevard. Okay.
```

```
Page 47
        DONALD SCHAK: Longboat Key. That's two
1
 2
    words, Longboat Key.
 3
         DAN TYLER: Key okay.
        DONALD SCHAK: In Florida 34428.
 4
 5
        DAN TYLER: I'm sorry, 3 what.
       DONALD SCHAK: 34228.
 6
 7
        DAN TYLER: Okay. And what is your phone
    number, Donald?
 8
        DONALD SCHAK: 941-383-8128.
9
        DAN TYLER: Okay. How long are you in
10
11
     Florida for, just the winter?
12
        DONALD SCHAK: Yes, yes, to middle of --
13
    beginning of -- of April.
14
        DAN TYLER: Uh-huh. Where do you live
15
    normally? It sounds like you are a New Yorker.
16
        DONALD SCHAK: No, no. I'm from Chicago
17
     area.
        DAN TYLER: Okay. Well, you are a good place
18
19
     to be right now. Chicago is getting some
20
     terrible weather.
21
        DONALD SCHAK: Yeah, listen, we have our
22
     kids, you know, there, so they are reporting to
23
     us.
24
        DAN TYLER: Donald, what is it that you are
```

```
Page 48
     interested in? Is it gold?
1
 2
        DONALD SCHAK: Basically, gold. See what --
 3
     I'm on my -- I wanted to diversify. And now I
    have some --
4
 5
         DAN TYLER: You know, that's a good reason.
     And you find that most of the sophisticated
 6
7
     investors in the country do exactly the same
     thing. They like to diversify and they have a
8
9
     certain amount of their portfolio in hard
     assets. So you're on the right track.
10
11
              Have you been following gold the last
12
     year or so?
13
        DONALD SCHAK: You know, not too
     specifically. But, you know, I --
14
15
        DAN TYLER: Well, it's gotten --
        DONALD SCHAK: I have a friend of mine that's
16
17
    more in gold who is -- silver and gold, so
    he's --
18
19
        DAN TYLER: Yeah.
        DONALD SCHAK: But at any rate, I like some
20
21
     information and see if I can go from there.
22
        DAN TYLER: Okay. Are you a retired man?
        DONALD SCHAK: No, semiretired. I own my own
23
24
    business, so, you know, I'm...
```

```
Page 49
        DAN TYLER: What kind of -- what kind of
1
2
    business do you have?
 3
         DONALD SCHAK: I own commercial properties,
    homes, manage commercial properties.
4
5
         DAN TYLER: You sound like a self-made man.
        DONALD SCHAK: You said it.
 6
        DAN TYLER: Okay. And we like doing business
7
     with people like that. You are an entrepreneur.
8
9
     You are the personification of the capitalist
     system. And we like doing people like that.
10
     They understand our business as well. Okay?
11
12
        DONALD SCHAK: Yeah.
13
        DAN TYLER: How old were you when you started
14
     your business?
15
        DONALD SCHAK: Oh, maybe few years, 45 years
16
    old.
17
        DAN TYLER: Wow, okay. So you are
     semiretired now.
18
19
        DONALD SCHAK: I'm saying to you I'm -- I
    have been semiretired for the past ten years, so
20
21
     it's not --
22
         DAN TYLER: Yeah.
        DONALD SCHAK: -- like I said I --
23
24
        DAN TYLER: Yeah.
```

Page 50 DONALD SCHAK: -- I do, I invest a lot of 1 2 commercial properties and --3 DAN TYLER: Very good. Do you have anybody, 4 any of your children working with you. 5 DONALD SCHAK: One son, but he is up there --6 up there in --7 DAN TYLER: He should be in the office and you should be in Florida, that's the way it 8 works. 9 DONALD SCHAK: Eh, listen, I -- he -- he can 10 11 be here, he own a condo here. 12 DAN TYLER: Uh-huh. Donald, if you decided 13 that you wanted to make an investment with us 14 and you like gold a lot and you felt that it was 15 something that would fit very well in your 16 portfolio, what are you looking at in terms of a 17 financial commitment, somewhere around a hundred 18 thousand, is that within your range? 19 DONALD SCHAK: To start off. 20 DAN TYLER: To start off. Okay. Okay. I 21 think what we will do here, Donald, is send 22 something out to you. We have a number of 23 different programs and we will have one of our

senior account executives get back to you and

24

```
Page 51
     explain the programs and show you what we have.
1
 2
        DONALD SCHAK: Send it off with a -- give me
 3
     some material.
         DAN TYLER: Yes, we will do that.
4
 5
         DONALD SCHAK: I don't want to -- you
     explained yourself properly and I understand.
 6
7
        DAN TYLER: Okay.
         DONALD SCHAK: And I have some friends that
8
9
     does it. So, you know, I'm not totally virgin
     to it.
10
11
        DAN TYLER: Are you? And that's good. And
12
     we -- we want you to, you know, seek that
13
     advice. I think that's very important. Would
14
     you -- would you think it would be a good idea
15
     if we sent your friend some of our information?
16
    He might like it too.
17
        DONALD SCHAK: Let me start with me myself.
18
        DAN TYLER: Okay. I will be happy to do
19
     that.
20
         DONALD SCHAK: And your last name is what?
21
        DAN TYLER: My name is Tyler.
22
        DONALD SCHAK:
                       Tyler.
23
         DAN TYLER: Right. I'm in the marketing
24
     department with the firm, but we will have one
```

Page 52 of our senior account executives get back to you 1 2 who can better explain the programs that we have and it will make a lot more sense to you. 3 4 And if you decide that you want to do 5 something, fine. If not, the worse that can happen is that you get a lot of good information 6 7 and you make a new friend. 8 DONALD SCHAK: Okay. 9 DAN TYLER: Sounds good? 10 DONALD SCHAK: Sounds good. 11 DAN TYLER: Nice to talk to you, Donald. 12 DONALD SCHAK: Bye, great. Thanks. 13 DAN TYLER: Bye-bye. * * * 14 15 DAN TYLER: This is the kind of a guy that you can't push. I think that would be the worst 16 17 mistake that you can make, is to try to push him into the market, overwhelm him with stuff. 18 19 I think you have to take him along 20 gently and quietly and at the end of the 21 rainbow --22 UNIDENTIFIED SPEAKER: He is going to have to 23 make the decision. You are not going to be able 24 to do it for him.

Page 53 DAN TYLER: No question. Yes, no question. 1 2 When he said -- when we talk about a 3 hundred thousand dollars, all of a sudden all the caution signs go up, you know like okay, 4 5 take it easy, work with this guy, be patient. He is an elderly guy, very successful guy. 6 7 Strokes are important. Okay. You're an 8 entrepreneur, the personification of the 9 capitalist system. You start it by yourself and 10 you make the thing happen. 11 Okay. He may know that I'm stroking 12 him, but it still feels good. 13 UNIDENTIFIED SPEAKER: He said you got it, 14 and so that's -- that's a good thing. 15 16 DAN TYLER: Hello, Monex. 17 FRED STERN: Yes, good morning. 18 DAN TYLER: Good morning. 19 FRED STERN: Good afternoon, actually. 20 DAN TYLER: Where are you calling from? 21 FRED STERN: Uh, Florida. 22 DAN TYLER: Okay. We are getting a lot of 23 calls from Florida today. 24 FRED STERN: Uh-huh.

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Ы			Page	54
1	DAN TYLER:	Where in Florida are you?		
2	FRED STERN:	Tampa.		
3	DAN TYLER:	Tampa, good. Give me your name.		
4	FRED STERN:	Fred.		
5	DAN TYLER:	Is it Brad?		
6	FRED STERN:	Fred, F-R-E-D.		
7	DAN TYLER:	Got you.		
8	FRED STERN:	Stern, S-T-E-R-N.		
9	DAN TYLER:	Okay. Fred, street address,		
10	please.			
11	FRED STERN:	220 West 108th Avenue.		
12	DAN TYLER:	108th.		
13	FRED STERN:	08th.		
14	DAN TYLER:	0		
15	FRED STERN:	8		
16	DAN TYLER:	 8.		
17	FRED STERN:	T-H. 108th.		
18	DAN TYLER:	108th, okay. Street?		
19	FRED STERN:	Ave.		
20	DAN TYLER:	Avenue.		
21	FRED STERN:	Tampa, Florida, 33612.		
22	DAN TYLER:	What do you think of the		
23	Buccaneers?			
24	FRED STERN:	Well, they've got a lot of		

```
Page 55
     potential, but they've sucked everything pretty
1
 2
     good for the last couple.
 3
         DAN TYLER: Yeah. Did you watch football
     this last weekend?
 4
 5
         FRED STERN: Yes, I did. I watched both
 6
     games.
7
         DAN TYLER: Yeah. And who were you rooting
 8
     for?
9
         FRED STERN: Probably Philly.
10
        DAN TYLER: The underdog.
11
        FRED STERN: Yeah.
12
        DAN TYLER: They got their work cut out for
13
     them, though, don't they?
14
         FRED STERN: Yes. But, you know, it's just a
15
     matter of how the breaks go because both teams
16
     are have the potential to really (inaudible).
17
         DAN TYLER: Yeah. Hey, Fred, what is your
     phone number?
18
19
         FRED STERN: 813 --
20
         DAN TYLER: 813 --
21
        FRED STERN: -- 990 --
22
         DAN TYLER: -- 990 --
23
         FRED STERN: -- 8885.
24
         DAN TYLER: -- 8885. And what is it
```

```
Page 56
     specifically that you are interested in, Fred?
1
 2
     Is it gold?
 3
         FRED STERN: Yes.
         DAN TYLER: Okay. Is this a new experience
 4
 5
     for you or have you --
      FRED STERN: A new experience in this aspect
 6
 7
     of gold. I have bought bullion in the past
     personally and then resold it.
 8
         DAN TYLER: Uh-huh.
9
         FRED STERN: And I have dealt in gold and
10
11
     precious metals on a hands-on basis for 30
12
     years.
         DAN TYLER: Okay. So you've got a pretty
13
14
     good idea what the market is doing then?
15
         FRED STERN: Yes, I'm a -- I'm a disabled
16
     goldsmith.
17
         DAN TYLER: Okay. Good. Okay. Are you
18
     still working at it, Fred?
19
         FRED STERN: No.
20
         DAN TYLER: Okay. Is that what you did in
21
     your other life?
22
         FRED STERN: That's what I did in my other
     life when I was still able to work.
23
24
         DAN TYLER: Okay. How long have you been
```

```
Page 57
     retired?
1
 2
         FRED STERN: I've been on disability for
 3
     about eight years.
        DAN TYLER: Okay. Fred, when you make
4
5
     investment decisions do you make them
     independently or do you need to consult with
 6
7
     someone?
         FRED STERN: I make them --
8
9
         DAN TYLER: Pretty much yourself.
         FRED STERN: -- by myself and I simply let my
10
11
     wife know what I'm doing.
12
         DAN TYLER: Ha, ha, ha, ha.
13
         FRED STERN: In other words, there's a
     certain amount of --
14
15
         DAN TYLER: I won't tape you and play it back
     for her. Okay. I promise you that.
16
17
         FRED STERN: (Inaudible) certain amount of
18
     cash, which I can play.
19
         DAN TYLER: Okay.
         FRED STERN: And as long as I can show her
20
21
    the results and they're positive results, I'm
22
     okay.
         DAN TYLER: Okay. Fred, what are you looking
23
24
     at in terms of a financial commitment, 20,000?
```

```
Page 58
     50? What are you comfortable with?
1
 2
        FRED STERN: No, no, no. 5 right now.
 3
         DAN TYLER: 5,000. Okay. And that money is
4
     liquid and available?
5
         FRED STERN: Umm, yeah.
        DAN TYLER: Okay. And the reason I ask that,
6
7
     our markets are so volatile and sometimes we
     find an exceptional entry opportunity and --
8
         FRED STERN: I don't know about -- I don't
9
     know the -- I don't know -- I don't know how to
10
11
     go about actually buying --
12
        DAN TYLER: We can explain that to you.
13
        FRED STERN: -- past stock, penny shares on
14
     new gold mining companies and things like that.
15
        DAN TYLER: We don't deal with that.
16
        FRED STERN: Huh?
17
        DAN TYLER: That's not what we deal with.
18
        FRED STERN: That's what you deal with.
19
        DAN TYLER: No, we don't.
20
        FRED STERN: Oh, you don't?
21
        DAN TYLER: No.
22
        FRED STERN: Okay.
23
        DAN TYLER: Okay. We have a -- several
24
     different programs: You can take delivery, you
```

Page 59 can store it, or you can buy in our Atlas 1 2 program, which is a leverage investment vehicle. 3 So there is a number of things that you 4 can do, whatever you choose is fine. But the 5 information will explain most of that. FRED STERN: That's what I want. 6 7 DAN TYLER: Okay, Fred. You sound like a 8 good guy, Fred. Who else do you know that might 9 be interested in looking at this kind of thing? And all -- after all we have been through 10 11 together, I would think you'd have a name or 12 two. 13 FRED STERN: No. 14 DAN TYLER: Ha, ha, ha, ha. 15 FRED STERN: The people I know, the people I 16 know in -- in my life either are already there 17 and are doing it already. DAN TYLER: Uh-huh. 18 19 FRED STERN: Or don't have the means to do 20 it. 21 DAN TYLER: Okay. Well -- well, if you 22 happen to think of somebody that might like to 23 look at it, give it some thought. Next time we 24 talk, you might have a name or two for us. Fair

```
Page 60
1
     enough? Thanks, Fred.
 2
        FRED STERN: Okay.
 3
         DAN TYLER: Take care, pal.
 4
         FRED STERN: Thank you very much.
 5
         DAN TYLER: Bye-bye.
 6
         FRED STERN: Bye.
                          * * *
 7
 8
         DAN TYLER: Hello, Monex.
         NANCY STEELE: Yes, hi. I was calling in
9
10
     response to a T.V. ad.
11
         DAN TYLER: Okay. Which ad was that?
12
        NANCY STEELE: Investing in gold.
13
        DAN TYLER: Okay. Who am I speaking with?
14
         NANCY STEELE: My name is Nancy Steele.
15
         DAN TYLER: Seal?
16
        NANCY STEELE: Steele, S-T-E-E-L-E.
17
        DAN TYLER: Do that then.
18
        NANCY STEELE: Like a piece of iron, steel.
19
         DAN TYLER: Oh, okay.
20
         NANCY STEELE: And add an "E" on the end.
21
        DAN TYLER: Okay. Got you. Your street
22
     address, Nancy?
23
         NANCY STEELE: 22 Cox, C-O-X, Road, Portland,
24
     as in Maine or Oregon, but it's Connecticut,
```

```
Page 61
     which is CT.
1
 2
        DAN TYLER: Portland, Connecticut?
 3
        NANCY STEELE: Yeah, 06480.
        DAN TYLER: Where is Portland, Connecticut?
 4
 5
        NANCY STEELE: Half -- about a half hour
     south of Hartford.
 6
 7
        DAN TYLER: Okay. Because I was born in
     Stamford.
 8
9
        NANCY STEELE: Oh, you were. Okay. We are
10
    halfway between Old Sabrook and (inaudible),
11
    Hartford, Connecticut River.
12
        DAN TYLER: Yeah, pretty area.
13
       NANCY STEELE: Yep. Where are you now?
14
       DAN TYLER: We're are in Newport Beach,
15
    California.
        NANCY STEELE: Oh, that's a pretty area.
16
17
        DAN TYLER: Yeah, it is. It's a lot warmer
    here than it is there.
18
        NANCY STEELE: Tell me about it, my grandson
19
20
     lives out there.
        DAN TYLER: Oh, okay. What is your phone
21
22
    number, Nancy?
        NANCY STEELE: 860-342-2255.
23
24
        DAN TYLER: Okay. I have got too many
```

```
Page 62
     numbers. 860-342-2255. Okay, got you.
1
 2
        NANCY STEELE: Yeah.
 3
         DAN TYLER: Nancy, have you ever had any
 4
     experience with gold?
 5
         NANCY STEELE: Other than the Yugo River in
     California trying to find some.
 6
 7
         DAN TYLER: (Laughter).
         NANCY STEELE: Actually, this is for my
 8
     husband more. He -- he collects coins, he
9
     collects gold and different things. I see -- I
10
     saw the ad and I thought, oh, he might like to
11
12
     see this.
         DAN TYLER: Okay. We will send a package out
13
14
     to him. Do you help him make these decisions or
15
     does he do that independently?
        NANCY STEELE: No, it's all his.
16
        DAN TYLER: It's all his.
17
        NANCY STEELE: Yeah.
18
19
         DAN TYLER: Okay. Do you ever do any
20
     yourself independent of him?
21
        NANCY STEELE: Not really.
         DAN TYLER: You know, occasionally --
22
23
     occasionally we have find woman that have their
24
     own investment portfolio.
```

```
Page 63
        NANCY STEELE: Uh-huh.
1
 2
        DAN TYLER: And I -- and I admire that.
 3
        NANCY STEELE: Uh-huh.
4
        DAN TYLER: Anyway, but we'll send some
5
     information and have him take a look at it.
    What kind of works does your husband do?
6
7
        NANCY STEELE: Banker.
        DAN TYLER: A baker. Does he own his bakery.
8
9
        NANCY STEELE: No, no, bank. Bank.
        DAN TYLER: Oh, banker.
10
11
        NANCY STEELE: Yeah.
        DAN TYLER: Okay. Which bank does he work
12
    with?
13
14
        NANCY STEELE: Liberty Bank.
15
        DAN TYLER: Okay. How long has he been with
16
    them?
17
        NANCY STEELE: 27 years.
        DAN TYLER: Wow. Nancy, if your husband were
18
19
    to make an investment, what are you looking at
     in terms of a financial commitment? What do you
20
    think he'd be looking at? 20,000? 30,000, more
21
22
    or less?
        NANCY STEELE: I have no clue.
23
24
        DAN TYLER: Okay. So we probably have to
```

Page 64 talk to him about that. 1 2 NANCY STEELE: Yeah. DAN TYLER: Well, Nancy, I will tell you 3 what, why don't we get the information out to 4 5 you and we can go from there. Can you think of anyone else that might 6 7 be interested in looking at something like this? You say you have a son in California. Do you 8 think he'd like to receive a package? 9 NANCY STEELE: He's only 11, grandson. 10 DAN TYLER: Okay. Let's try again. Do you 11 12 have parents that might be interested in looking 13 at something like this? NANCY STEELE: I don't know. Last night I 14 15 was listening to a radio show on the -- on the 16 radio coming home. And he was talking about investments and this and that and fraud and this 17 and that. And so -- and it was about I guess 18 19 the stepfather was calling and apparently the real father had gotten all kind of credit cards 20 21 in his six-year-old son's name. 22 DAN TYLER: Uh-huh. NANCY STEELE: Now, the six-year-old was in 23 24 trouble.

```
Page 65
1
       DAN TYLER: Yeah, yeah.
 2
        NANCY STEELE: It was funny.
         DAN TYLER: Yeah. Okay. I got another call
 3
     I'm going to have to take, Nancy. I appreciate
 4
 5
     your time.
        NANCY STEELE: I can't really think of
 6
7
     anybody else.
         DAN TYLER: Okay. If your -- if your husband
 8
9
     did decide that he wanted to do this, is he
     capable of investing, say, 10, 15,000 or more?
10
11
        NANCY STEELE: Oh, yes.
12
        DAN TYLER: Okay. Thanks. Appreciate your
13
     time.
14
        NANCY STEELE: Okay.
15
        DAN TYLER: Okay. Stay warm.
16
        NANCY STEELE: You too.
17
        DAN TYLER: Bye-bye.
18
        NANCY STEELE: Bye.
19
20
        DAN TYLER: Hello, Monex.
21
        FREDDIE: Good morning, sir.
22
         DAN TYLER: Good morning. What is your name
23
     again? I'm sorry. Take it nice and slow.
24
         FREDDIE: My name is Freddie (inaudible).
```

```
Page 66
       DAN TYLER: I got that.
1
 2
        FREDDIE: (Inaudible), 10118 --
 3
        DAN TYLER: Okay. I got that Freddie. How
     about your phone number?
4
 5
         FREDDIE: 562 --
        DAN TYLER: 562 --
 6
7
        FREDDIE: Uh-huh. 929-6492.
        DAN TYLER: All right. I think we got that
8
     done, Fred -- Freddie. What do you want me to
9
10
     call you?
11
        FREDDIE: Freddie is okay with me.
12
        DAN TYLER: Okay. Freddie, what is it that
13
     you were interested in? Is it gold?
14
        FREDDIE: Gold. Yeah, I saw -- I saw it on
15
    T.V., commercial.
        DAN TYLER: Okay. So you are interested in
16
17
     gold. Okay. Have you had any experience
     investing in gold?
18
19
        FREDDIE: No.
20
        DAN TYLER: Okay. So this is brand-new for
21
    you, huh?
22
        FREDDIE: Correct.
        DAN TYLER: What kind of work do you do,
23
24
     Freddie?
```

```
Page 67
        FREDDIE: I'm an owner-operator truck driver.
1
 2
        DAN TYLER: Owner-operator truck driver.
 3
    Okay. Are you a long hauler or short haul?
         FREDDIE: California.
 4
         DAN TYLER: Okay. How long have you been in
 5
     the business?
 6
 7
        FREDDIE: Three years.
         DAN TYLER: How's it working out for you?
8
         FREDDIE: So far.
9
10
        DAN TYLER: All right.
11
        FREDDIE: Pays the bills.
12
         DAN TYLER: Freddie, let's -- let's just
13
     assume that you like what we show you. What are
14
     you looking at in terms of a financial
15
     commitment? 20,000 more or less? What are you
16
     comfortable with?
17
         FREDDIE: Well, I want to know if -- all I
     saw on the commercial was the free thing.
18
19
         DAN TYLER: Right.
20
         FREDDIE: You talk about the investment,
21
     investing in gold.
22
         DAN TYLER: Right. And that's exactly what
     we want to lead you to. But we have a number of
23
24
     different programs and the program that we will
```

Page 68 introduce to you will depend a lot on how much 1 2 are you looking to invest. It could be a 3 million dollars, 500,000, 5,000. You know, what are you comfortable with? It helps me for you 4 to give me a number. So would you do that for 5 me? How much? 6 7 FREDDIE: I want to start with the minimum. 8 DAN TYLER: Okay. 9 FREDDIE: (Inaudible). DAN TYLER: Okay. Is \$5,000 a good minimum 10 11 for you? FREDDIE: Well, yeah. 12 13 DAN TYLER: Okay. And if you like it, you 14 could probably go to 10,000, if you really felt 15 good about it, is that right? 16 FREDDIE: Well, that way you can make more 17 money. DAN TYLER: Yeah, okay. Well, that's the 18 19 objective here, is to help you make money. But 20 you can't make money unless you invest money, 21 right? 22 FREDDIE: I know that. DAN TYLER: Okay. Good for you, Freddie. 23 24 Hey, listen, we'll get this information out to

Page 69 you and then we can go from there. 1 2 Have you ever done any investing like 3 stocks and bonds? FREDDIE: No, I do have a little bit of that. 4 5 DAN TYLER: Okay. Now, when you do make these decisions, do you have to talk to somebody 6 about that, like a wife or a financial 7 8 consultant? Or do you make these decisions 9 yourself? FREDDIE: Well, I do use as many different 10 11 friends I can --12 DAN TYLER: I think that's a good --13 FREDDIE: -- to help my decision. 14 DAN TYLER: I think that's a good idea. 15 Okay, Fred. Who else do you know that we can 16 send a package out to? Do you have any friends 17 that would like to get a better return on their investments? 18 19 FREDDIE: Yeah. I do have a few and I will 20 refer them to you as soon as I get my package 21 and see what's in it. 22 DAN TYLER: Sounds good, Fred. We'll do that. Also, if you want to give me a name and a 23 24 number, we can call them and then send them out

```
Page 70
     a package. How's that?
 1
 2
         FREDDIE: That's all right.
 3
         DAN TYLER: Who are you thinking of?
         FREDDIE: I don't have their -- their number
 4
 5
     right in my mind right now. But I will refer
 6
     them to you.
 7
         DAN TYLER: Okay. Freddie, I appreciate your
 8
     time.
         FREDDIE: All righty.
9
10
         DAN TYLER: Thank you.
         FREDDIE: Thank you.
11
12
         DAN TYLER: Bye-bye.
13
                       (End of transcription.)
14
15
16
17
18
19
20
21
22
23
24
```

		Page	71
1	STATE OF ILLINOIS)		
2	COUNTY OF LAKE)		
3	I, Cheryl L. Sandecki, a Notary Public		
4	within and for the County of Lake and State of		
5	Illinois, and a Certified Shorthand Reporter of		
6	the State of Illinois, do hereby certify that I		
7	reported in shorthand the proceedings had at the		
8	taking of said audio recording and that the		
9	foregoing is a true, complete, and correct		
10	transcript of my shorthand notes so taken as		
11	aforesaid, and contains all the proceedings		
12	given at said audio recording.		
13			
14			
15			
16	ADTCA.		
17		-	
18	Chunk Sandech		
19	Notary Public, Lake County, Illinois C.S.R. License No. 084-03710		
20			
21			
22			
23			
24			

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EXHIBIT 31

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CONCORD FUNDING COMPANY, L.L.C.

Issuer

MONEX CREDIT COMPANY

Servicer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

and

PORTFOLIO FINANCIAL SERVICING COMPANY

AMENDED AND RESTATED SERVICING AGREEMENT

Dated as of July 12, 2012

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This AMENDED AND RESTATED SERVICING AGREEMENT, dated as of July 12, 2012 (this "Agreement") is by and among CONCORD FUNDING COMPANY, L.L.C., a limited liability company organized and existing under the laws of the State of Delaware, as Issuer (the "Issuer"), MONEX CREDIT COMPANY, a California limited partnership, as Servicer ("MCC" or, in its capacity as initial Servicer hereunder, the "Servicer"), The Bank of New York Mellon Trust Company, N.A. ("BNYM"), successor in interest to BNY Midwest Trust Company, as Trustee (the "Trustee"), as Trustee and Portfolio Financial Servicing Company, as backup servicer (the "Backup Servicer").

WHEREAS, the Issuer has issued and intends to continue to issue in the future one or more Series of Notes pursuant to the Master Indenture, dated as of October 2, 2002, as amended by one or more Supplements thereto, secured or to be secured by the Trust Estate granted therein; and

WHEREAS, the Issuer desires to continue the appointment of MCC as the Servicer with respect to the Loans and Related Interests and other Trust Estate assets for the benefit of the Issuer and the Trustee on behalf of the Noteholders; and

WHEREAS, this Agreement amends and restates the Servicing Agreement, dated as of October 2, 2002, as amended by Amendment No. 1, dated as of December 13, 2005, Amendment No. 2, dated as of April 3, 2006, Amendment No. 3, dated as of October 13, 2011, and Amendment No. 4, dated as of April 16, 2012;

NOW THEREFORE, in consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other parties hereto:

ARTICLE I

Definitions

Section 1.01 *Definitions*. For all purposes of this Agreement, except as otherwise expressly provided herein, capitalized terms used herein shall have the meanings assigned to such terms in *Annex X* to the Master Indenture, as the same may be amended, supplemented or restated from time to time.

Section 1.02 Other Definitional Provisions.

- (a) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.
- (b) As used herein and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in $Annex\ X$, and accounting terms partially defined in $Annex\ X$ to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of

accounting terms herein are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained herein shall control.

(c) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and Section, subsection, Schedule and Exhibit references contained in this Agreement are references to Sections, subsections, Schedules and Exhibits in or to this Agreement unless otherwise specified.

ARTICLE II

Servicer Grant of Non-Exclusive License

In addition to (and not in derogation or limitation of) the agreements set forth in Article X hereof, MCC as the initial Servicer hereby grants to the Trustee and any permitted transferee or assignee of the Trustee as well as to the Backup Servicer and any Successor Servicer, for the purpose of and solely to the extent necessary to collect the Loans and realize upon the related Metals Collateral or any Metals Inventory, and without any payment of compensation required, a non-exclusive license to use any tradenames that may from time to time be used by MCC (collectively, the "Licensed Names") and to use the computer program used to generate the Daily Report (the "Loan Software"). This license and the rights of use hereunder are contingent on the occurrence and continuance of a Servicer Default.

ARTICLE III

Administration and Servicing of Loans

Section 3.01 Acceptance of Appointment and Other Matters Relating to the Servicer.

- (a) The Issuer hereby appoints MCC as initial Servicer hereunder, and MCC agrees to act as the Servicer under this Agreement. The Noteholders of each Series by their acceptance of the related Notes consent to MCC acting as Servicer. The Servicer hereby represents that with respect to Loan Agreements not in the possession of the Custodian, the Servicer has in its possession the sole executed original of each Loan Agreement, and that it is holding such possession as agent and bailee of the Trustee for the benefit of the Noteholders and for purposes of perfection of the lien and security interest granted in the Master Indenture, and that each such original Loan Agreement has been affixed with a legend, attachment or similar marking indicating the Trustee's security interest in all Loans (but not Commodity Loans) evidenced thereby.
- (b) The Servicer shall service and administer the Loans and Related Interests, and shall collect payments due under the Loans, in accordance with its customary and usual servicing procedures and the Collection Policies and shall have full power and authority, acting alone or through any party properly designated by it hereunder, to do any and all things in connection with such servicing and administration which it may deem necessary or desirable (subject to compliance with the express terms hereof). The Servicer agrees to remit to the Collection WAS:184334.7

Account (or in the alternative to the lockbox or lockbox account established under the Lockbox Agreement) promptly, and in any event within two Business Days of the posting of receipt of same to its internal records, any Collections which the Servicer receives that for whatever reason are not processed through the lockbox and lockbox account arrangement under the Lockbox Agreement. Such Collections while in the possession of the Servicer prior to such remittance shall be deemed held by the Servicer in trust, as custodian and bailee, for the benefit of the Issuer and the Trustee.

- (c) It is hereby acknowledged and agreed that the Servicer may obtain Collections on the Loans in either of the following forms, whether derived as a result of voluntary payment by the Obligor or through involuntary Liquidations:
 - (i) Collections in the form of direct cash Dollar payments and deposits, whether received from the Obligor or representing proceeds of Liquidation of Metals Collateral by sale to MDC or a third party; or
 - (ii) Eligible Metals Inventory in an Equivalent Quantity transferred and assigned to the Issuer by MDC (which Metals Inventory pursuant to the terms of the Master Indenture are automatically and concurrently pledged and assigned to the Trustee and become a part of the Trust Estate) thereby effecting a Liquidation of Metals Collateral to MDC in respect of a Loan, and with respect to which
 - (A) to the extent that the Wholesale Value of such Equivalent Quantity is less than or equals the amount of the Obligor's obligation being satisfied through such Liquidation, such transferred Metals Inventory is to be deemed as a Collection in respect of such Obligor's obligation realized by the Issuer through a Liquidation sale of Metals Collateral to MDC, and
 - (B) to the extent that the Wholesale Value of such Equivalent Quantity exceeds the amount of such Obligor's obligation being satisfied through such Liquidation (and provided that the Obligor has been paid all amounts to which it is entitled in connection therewith), such excess is to be deemed an Advance to the Issuer by MDC pursuant to the Optional Advance Agreement.

Such Eligible Metals Inventory is to be assigned a Dollar value (i) for purposes of determining the amount received as a Collection on the related Loan into the Collection Metals Account, of the Wholesale Value of the related Eligible Metals Inventory, and (ii) for purposes of the corresponding concurrent allocation thereof to the credit of the Equalization Metals Account under Section 4.03(c), of the Adjusted Inventory Balance of the related Eligible Metals.

Notwithstanding the foregoing, the Servicer is not authorized to accept Collections in the form of Metals Inventory, and shall instead be required to receive Collections solely in the form of Dollars (whether obtained through Liquidations in a sale to MDC or to a third party), to the extent that (A) the amount on deposit in any Required Amounts Account on any date is less than the Required Amount, or (B) an Amortization Period is in effect with respect to one or more WAS:184334.7

Series, and the amount on deposit in the related Principal Funding Account[s] is less the aggregate Principal Amount[s] of such Series.

- (d) Without limiting the generality of the foregoing and subject to Section 10.01, the Servicer is hereby further directed, authorized and empowered to undertake the following actions in the order set forth below:
 - (i) with respect to and at the commencement of each Business Day, prepare a Daily Report (as contemplated in Section 3.04(b) hereof), as well as the written allocation report to the Metals Depository contemplated in Section 3.04(a)(ii) hereof, setting forth the information required therein determined as of the close of the preceding Business Day;
 - (ii) at the commencement of each Business Day;
 - (A) to determine with respect to each Series whether such Series is in a Revolving Period, a Delineated Principal Funding Period or an Amortization Period, and whether such Amortization Period is an Early Amortization Period;
 - (B) to determine the Series Allocation Percentage for each Series as well as the Required Amount with respect to each Series, the amount then on deposit in the related Required Amounts Account, and the additional amount necessary (if any) for deposit into each Required Amounts Account to equal the Required Amount for each Series;
 - (C) to calculate the Principal Variance for such day, and to determine the amount of Collections received in respect of Loans as of the close of the preceding Business Day, as well as all other amounts deposited into the Collection Account in accordance with this Agreement as of the close of the preceding Business Day, and to instruct the Trustee to allocate such Collections in accordance with Section 4.03(c);
 - (D) to the extent that the Collections applied as described in clause (C) above are not sufficient to satisfy the aggregate of the Required Amounts, then to take (or cause the Trustee to take) the actions required under Section 5.03(c) to the extent required on such Business Day, depositing all amounts realized from such actions into the Collection Account;
 - (E) to the extent of any Unsatisfied NPV existing after applying Collections as described in clause (C) above, to take all actions as are required (and in the order of priority required) under Article V in order to obtain and transfer to the Collection Account amounts equal to any Unsatisfied NPV (including, without limitation, making on required dates the adjustments to the extent required in the Required Equity Level as contemplated in Section 5.03(a) and in clause (b) of the definition of Required Equity Level set forth in $Annex\ X$); and

- (F) if such Business Day is a Payment Date or an Interest Payment Date, to instruct the Trustee (after application of all Collections and other amounts received as described in this Section 3.01(d)) to transfer and distribute (y) from the Required Amounts Account, the respective portions of the Required Amounts to the Noteholders and the other parties entitled to receive distributions therefrom on such Payment Date or Interest Payment Date in accordance with Section 4.03(d) and any applicable Supplement, and (z) in respect of any Series as to which an Amortization Period has commenced or a Delineated Principal Funding Period has occurred, to transfer and distribute from the Principal Funding Account (to the extent available) an amount equal (in the case of each such Series) to the amount required under Section 4.03(d) and the applicable Supplement.
- (iii) to execute and deliver, on behalf of the Issuer and the Trustee for the benefit of the Noteholders, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge, and all other comparable instruments, with respect to the Loans and, after the delinquency of any Loan and to the extent permitted under and in compliance with the Loan Agreement and applicable law and regulations, to commence enforcement proceedings with respect to such Loans in accordance with the Collection Policies and customary procedures of the Servicer;
- (iv) to make any filings, reports, notices, applications, registrations with, and to seek any consents or authorizations from, the Securities and Exchange Commission and any state securities authority on behalf of the Issuer as may be necessary or advisable to comply with any federal or state securities or reporting requirements (this clause 3.01(d)(F)(iv) shall not apply to Portfolio Financial Servicing Company in its capacity as Backup Servicer or Successor Servicer); and
- (v) to delegate certain of its servicing, collection, enforcement and administrative duties hereunder with respect to the Designated Accounts and the Loans to any Person who agrees to conduct such duties in accordance with the Collection Policies.

The Trustee agrees that it shall promptly follow the written instructions of the Servicer to withdraw funds and/or make dispositions from the Collection Account, any Principal Funding Accounts, the Equalization Account, any Required Amounts Accounts or any other Series Account at such time as required under this Agreement or under the applicable Supplement. The Trustee shall execute at the Servicer's written request such documents prepared by the Issuer or the Servicer on the Issuer's behalf and acceptable to the Trustee as the Servicer certifies are necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder.

(e) Except as contemplated in the Custody Agreement, the Servicer shall not be obligated to use separate servicing procedures, offices or employees for servicing the Loans from the procedures, offices and employees used by the Servicer in connection with servicing other loans originated by MCC in respect of its customers to finance the purchase of Metals.

Section 3.02 Servicing Compensation. As compensation for its servicing activities hereunder and reimbursement for its expenses as set forth in the immediately following paragraph, the Servicer shall be entitled (but subject to the limitations contemplated in Section 4.03(d)(i) and (iv) hereof) to receive a monthly servicing fee in respect of each day prior to the repayment in full of all outstanding Secured Obligations (the "Servicing Fee"), payable in arrears on each Payment Date and in the manner and order of priority specified herein, not to exceed the product of (i) two and four/tenths percent (2.40%), (ii) the aggregate Outstanding Balance of all Loans at the commencement of the current Monthly Period, and (iii) a fraction, the numerator of which is the number of days in such Monthly Period and the denominator of which is 360.

The Servicer shall be responsible for its own expenses and all other expenses incurred by the Servicer in connection with its activities and obligations hereunder, including without limitation the timely payment of storage fees in respect of Metals Collateral and/or Warehouse Receipts evidencing the same. The Servicer shall be required to pay such expenses for its own account and shall not be entitled to any payment therefor other than the Servicing Fee. The foregoing, however, shall not be read in limitation of any rights of the Backup Servicer or a Successor Servicer (including the Backup Servicer as Successor Servicer) to reimbursement of expenses pursuant to Section 4.03 or any Supplement. Portfolio Financial Servicing Company in its capacity as Backup Servicer or Successor Servicer shall be entitled to reimbursement by the Issuer under Section 4.03(d)(iv) for any third party costs it must pay in the performance of its duties as such, including but not limited to bank and trustee fees, collateral agent fees, third party audit fees, legal fees; provided, however, Portfolio Financial Servicing Company in its capacity as Backup Servicer or Successor Servicer shall not be entitled to reimbursement for any third party costs it pays to the extent that such costs were incurred because of the negligence, gross negligence, bad faith or willful misconduct of Portfolio Financial Servicing Company or because of a breach of the Agreement by Portfolio Financial Servicing Company.

Section 3.03 Representations and Warranties of the Servicer. MCC as initial Servicer hereby makes, and any Successor Servicer other than the Backup Servicer by its appointment hereunder shall make, the following representations and warranties on which the Trustee has relied in accepting the grant of the Loans and other Trust Estate assets in trust and in authenticating the Notes on any related Closing Date.

- (a) Organization and Good Standing. The Servicer is a limited partnership (or, if appropriate in the case of a Successor Servicer, a corporation or other applicable entity) duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has full power, authority and legal right to own its properties and conduct its business as such properties are presently owned and such business is presently conducted, and to execute, deliver and perform its obligations under this Agreement.
- (b) Due Qualification. The Servicer is duly qualified to do business and is in good standing (or is exempt from such requirements) in any state where such qualification is necessary in order to service the Loans as required by this Agreement and has obtained all necessary licenses and approvals as required under Federal and state law in order to service the Loans as required by this Agreement, and if the Servicer shall be required by any Requirement of Law to

so qualify or register or obtain such license or approval, then it shall do so except where the failure to obtain such license or approval does not materially affect the Servicer's ability to perform its obligations hereunder or the enforceability of any Loan.

- (c) *Due Authorization*. The execution, delivery, and performance of this Agreement have been duly authorized by the Servicer by all necessary entity action on the part of the Servicer and this Agreement will remain, from the time of its execution, an official record of the Servicer.
- (d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Servicer, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereinafter in effect, affecting the enforcement of creditors' rights in general and as such enforceability may be limited by general principles of equity (whether considered in a proceeding at law or in equity).
- (e) No Violation. The execution and delivery of this Agreement by the Servicer, and the performance of the transactions contemplated by this Agreement and the fulfillment of the terms thereof applicable to the Servicer, will not conflict with, violate, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, (i) any Requirement of Law applicable to the Servicer, or (ii) any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Servicer is a party or by which it is bound.
- (f) No Proceedings. There are no proceedings or investigations pending or, to the knowledge of the Servicer, threatened against the Servicer before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality seeking to prevent the issuance of Notes or the consummation of any of the transactions contemplated by this Agreement, seeking any determination or ruling that, in the reasonable judgment of the Servicer, would materially and adversely affect the performance by the Servicer of its obligations under this Agreement, or seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement.
- (g) Compliance with Requirements of Law. The Servicer shall duly satisfy all obligations on its part to be fulfilled under or in connection with each Loan and the related Designated Account, will maintain in effect all qualifications required under Requirements of Law in order to service properly each Loan and the related Designated Account and will comply in all material respects with all other Requirements of Law in connection with servicing each Loan and the related Designated Account the failure to comply with which would have a Material Adverse Effect.
- (h) Protection of Noteholders' Rights. The Servicer shall take no action which, nor omit to take any action the omission of which, would impair the rights of Noteholders in any Loan, nor shall it reschedule, revise or defer payments due on any Loan except in accordance

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with the Collection Policy and except to the extent that such action would not have a Material Adverse Effect.

- (i) All Consents. All authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by the Servicer in connection with the execution and delivery of this Agreement by the Servicer and the performance of the transactions contemplated by this Agreement by the Servicer, have been duly obtained, effected or given and are in full force and effect; provided, however, that the Servicer makes no representation or warranty regarding State securities or "Blue Sky" laws in connection with the distribution of the Notes.
- (j) Rescission or Cancellation. The Servicer shall not permit any rescission or cancellation of any Loan except as ordered by a court of competent jurisdiction or other Governmental Authority or in accordance with the Collection Policy or the normal operating procedures of the Servicer.
- (k) Loans Not to Be Evidenced by Promissory Notes. Except in connection with its enforcement or collection of a Loan, the Servicer will take no action to cause any Loan to be evidenced by an instrument (as defined in the UCC as in effect in the Relevant UCC State).
- (l) Principal Place of Business. The Servicer shall at all times maintain its principal place of business within the United States.
- (m) Lockbox Notification. Each Obligor in respect of each Loan has been notified and instructed, prior to the conveyance of such Loan to the Issuer (or in the case of Loans to constitute part of the Trust Estate on the Closing Date for the first Series, will be promptly notified following such Closing Date if not previously so notified), that all future payments with respect to such Loans shall be made to the lockbox account established pursuant to the Lockbox Agreement.

The representations and warranties set forth in this Section 3.03 shall survive the transfer of servicing responsibilities hereunder to a Successor Servicer. Upon discovery by any party hereto of a breach of any of the foregoing representations and warranties, the party discovering such breach shall give prompt written notice thereof to each Rating Agency and to the other parties hereto.

Section 3.04 Reports and Records for the Trustee.

(a) Daily Records; Metals Depository Report.

(i) Upon reasonable prior notice by the Trustee, the Servicer shall make available at an office of the Servicer (or other location designated by the Servicer if such records are not accessible by the Servicer at an office of the Servicer) selected by the Servicer for inspection by the Trustee or its agent (reasonably acceptable to the Servicer) on a Business Day during the Servicer's normal business hours a record setting forth (A) the Collections on each Loan, (B) the amount of Loans for the Business Day preceding

the date of the inspection, and (C) all other Relevant Information concerning the Loans. The Servicer shall, at all times, maintain its computer files with respect to the Loans in such a manner so that the Loans may be specifically identified and, upon reasonable prior request of the Trustee, shall make available to the Trustee, at an office of the Servicer (or other location designated by the Servicer if such computer files are not located at an office of the Servicer) selected by the Servicer, on any Business Day of the Servicer during the Servicer's normal business hours any computer programs necessary to make such identification.

(ii) The Servicer shall also deliver to the Trustee on each Business Day, concurrently with the Daily Report described below, the written allocation report (titled the "Custodial Account Commodity Summary") substantially in the form of Exhibit C-2 hereto, addressed to the Metals Depository and as contemplated in the Metals Depository Agreement, setting forth the appropriate allocation of Metals Collateral and Metals Inventory on deposit in the Issuer's dedicated account with the Metals Depository established thereunder, and whether any Metals are to be released from such dedicated account.

(b) Daily Report.

- (i) On each Business Day the Servicer shall prepare a completed Daily Report, substantially in the form of Exhibit C-1 hereto. The Daily Report shall include the Hedge Account Daily Statement and shall incorporate the Hedge Account Total Net Worth from the Hedge Account Daily Statement in the Principal Variance calculation. The Daily Report shall also include a list, with contact information, of five dealers in Metals for the purposes (if ever applicable) described in Section 5.04, which list shall include the Metals Depository. The Daily Report shall also include the contact information for the Hedge Account for the purposes (if applicable) described in Section 5.04. The Daily Report shall also identify the current Special Required Equity Level applicable to the Loans. The Daily Report shall also disclose the interest rate being charged on Loans to Obligors as of the close of business on the preceding Business Day, and shall specifically disclose (if ever applicable) in the event that the rate charged to Obligors ever equals or exceeds 15% per annum, the fact that such event has occurred.
- (ii) The Servicer shall deliver to the Trustee and the Paying Agent the Daily Report by 1:00 p.m. (New York time) on each Business Day with respect to activity in the Loans and related Metals Collateral for the prior Business Day.
- (iii) Upon discovery of any error or receipt of notice of any error in any Daily Report, the Servicer, the Issuer and the Trustee shall arrange to confer and shall agree upon any adjustments necessary to correct any such errors. If any such error is material, the Servicer or the Trustee, as the case may be, shall retain all Collections (or such lesser amount as the Trustee and the Servicer shall agree to be necessary to cover any such error) in the Collection Account until such material error is corrected. Unless the Trustee has received written notice of any error or discrepancy, the Trustee may rely on each

Daily Report delivered to it for all purposes hereunder. An error or discrepancy will not be considered material unless the difference exceeds \$150,000 in the aggregate.

- (c) Settlement Statement. On the second Business Day prior to each Payment Date, the Servicer shall, prior to 2:00 p.m. (New York time) on such day, deliver to the Trustee and each Rating Agency the Settlement Statement for the related Monthly Period substantially in the form of Exhibit D hereto (which Settlement Statement to be delivered to each Rating Agency will include a copy of the Daily Report, and metals allocation report referred to in Section 3.04(a)(ii) above, that was deliverable on the first Business Day of the current calendar month).
- (d) Annual Settlement Statement. On or before the January Payment Date of each year, beginning with January 2013, the Servicer shall deliver to the Trustee an annual settlement statement, substantially in the form attached as Exhibit D, but on an annualized basis, summarizing in the aggregate the year-to-date information set forth on each monthly Settlement Statement delivered under Section 3.04(c).

(e) Trustee Recalculations; Transmittal to Metals Depository.

- (i) The Trustee, upon receipt of any report described in this Section 3.04, shall verify the calculations (as indicated on the attached Exhibit F) utilized in deriving any arithmetic totals set forth on such report and give prompt written notice of any errors in such calculations to the Servicer (with a copy to each Rating Agency). The Trustee in performing this function shall have no duty or responsibility for the accuracy of the numbers set forth on such report which are used to derive such arithmetic totals, and may assume such numbers are correct absent actual written notice to the contrary.
- In the case of the allocation report to the Metals Depository described in (ii) Section 3.04(a)(ii) above, the Trustee shall determine whether such report provides for the release of any Metals from the issuer's dedicated account. If so, the Trustee will also determine whether the Daily Report accompanying the same indicates the existence of a Negative Principal Variance. If no Negative Principal Variance is so indicated, then the Trustee shall verify the arithmetic totals as provided in subsection (e)(i) but shall, in so verifying, check that the Wholesale Metal Prices used by the Servicer in the calculation of Principal Variance conform to those shown on the London Bullion Market Association's website (www.lbma.org.uk: in the case of gold and silver) or the CME Group's website (www.cmegroup.com: in the case of platinum and palladium) or an equivalent electronic source as contemplated in the definition of Wholesale Metal Price. If such verification indicates arithmetic accuracy in the calculation and conformity of the Wholesale Metal Prices used to those published on the London Bullion Market Association's website (www.lbma.org.uk: in the case of gold and silver) or the CME Group's website (www.cmegroup.com: in the case of platinum and palladium) or an equivalent electronic source, then the Trustee is authorized to give its written consent to such allocation report and transmit the same, along with the report, by telefax to the Metals Depository (in all events not more than two hours following receipt of the report by the Trustee). If a material arithmetic inaccuracy and/or nonconformity of the

Wholesale Metals Prices used occurs (or, if the Trustee has received a written notice from the Metals Depository as to a discrepancy in aggregate quantities or types of Metals as contemplated in the Metals Depository Agreement), then the Trustee shall not give its consent or transmit such written report but instead shall promptly (and in all events not more than two hours following receipt of the report by the Trustee) notify the Servicer of the circumstances involving such allocation report, and shall not give its consent or transmit such written report or further or supplemental written reports until the discrepancy or inaccuracy is resolved and corrected (which, in the case of a discrepancy notified by the Metals Depository, shall be evidenced by the Metals Depository's further written notice to the Trustee that such discrepancy has been resolved as contemplated in the Metals Depository Agreement). In addition, if a Negative Principal Variance is indicated on the Daily Report (including after giving effect to the resolution of any inaccuracy or discrepancy as aforesaid), then the Trustee shall not give its consent or transmit such written report but instead shall promptly (and in all events not more than two hours following receipt of the report by the Trustee) notify the Servicer of the circumstances involving such allocation report. An error or discrepancy will not be considered material unless the difference exceeds \$150,000 in the aggregate.

(iii) Except as set forth in this Section 3.04(e), the Trustee shall be under no duty to recalculate, verify or recompute any information set forth in any report described in this Section 3.04, including the value of the Metals Collateral.

Section 3.05 Monthly Servicer's Certificate. The Servicer will deliver to the Trustee and each Rating Agency, on each Payment Date, an Officer's Certificate substantially in the form of Exhibit E stating that (a) a review of the activities of the Servicer during the preceding Monthly Period and of its performance under this Agreement was made under the supervision of the officer signing such certificate and (b) to such officer's knowledge, based on such review, the Servicer has fully performed all its obligations under this Agreement throughout such period, or, if there has been a default in the performance of any such obligation, specifying each such default known to such officer and the nature and status thereof. A copy of such certificate may be obtained by any Noteholder by a request in writing to the Trustee addressed to the Corporate Trust Office.

Section 3.06 Ongoing Annual Review Procedures.

(a) Not more than twenty-five (25) days prior to each semiannual Payment Date occurring in October and April (beginning in April 2013), the Servicer shall cause a firm of Independent Public Accountants to review a random sample of Daily Reports and the Settlement Statement(s) for the preceding period and to prepare and deliver to the Trustee and each Rating Agency a report setting forth the verifications of data and information specified in, *Exhibit J-1*. This Section 3.06(a) shall not apply to Portfolio Financial Servicing Company in its capacity as Backup Servicer or Successor Servicer. In lieu of such report, Portfolio Financial Servicing Company shall provide the Trustee and each Rating Agency, upon request, a copy of its most recent SSAE 16 Type II Internal Control Audit Report.

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- Unless the second sentence of this subsection below applies, not more than twenty-five (25) days prior to each Payment Date occurring in October (beginning in October 2003), the Servicer shall cause a firm of Independent Public Accountants to (i) visit the Metals Depository to confirm, audit and verify Metals Collateral and Metals Inventory held by the Metals Depository, consistent with the procedures described in Exhibit J-2 hereto, including performing the reviews and verification procedures described in Exhibit J-2 in respect of Warehouse Receipts, and (ii) to thereupon promptly prepare and provide to the Trustee (with a copy to be sent to each Rating Agency) a written report summarizing the information obtained on such visit. Notwithstanding the foregoing, if the Servicer is able to engage the Metals Depository itself to perform the reviews and verifications described above, and the Metals Depository confirms its agreement to do so at the times specified below in a writing in form and substance otherwise reasonably satisfactory to the Trustee (at the written direction of a Majority of Noteholders), then not more than twenty-five (25) days prior to each quarterly Payment Date occurring in October, January, April and July (beginning in October 2003), the Servicer shall cause the Metals Depository to confirm, audit and verify Metals Collateral and Metals Inventory held by the Metals Depository, consistent with the procedures described in Exhibit J-2 hereto, including performing the reviews and verification procedures described in Exhibit J-2 in respect of Warehouse Receipts, and (ii) to thereupon promptly prepare and provide to the Trustee (with a copy to be sent to each Rating Agency) a written report summarizing the information obtained on such review. This Section 3.06(b) shall not apply to Portfolio Financial Servicing Company in its capacity as Backup Servicer or Successor Servicer.
- (c) In the event that any accounting firm requires the Trustee to agree to the procedures performed by such firm or agree that such firm shall not be liable for its reports, the Servicer shall direct the Trustee in writing to so agree; it being understood and agreed that the Trustee will deliver such agreement in conclusive reliance upon the direction of the Servicer, and the Trustee shall not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures and shall have no liability for such waiver of liability. The Trustee shall have no liability for any claims, liabilities or expenses relating to such accounting firm's engagement or any such report or any limitations that such accounting firm places on the dissemination of any such report.

Section 3.07 Annual Financial Statements. On or before the 120th day following the end of each Issuer Fiscal Year, beginning with the Issuer Fiscal Year ending December 31, 2002, the Servicer shall cause a firm of Independent Public Accountants as defined below (who may also render other services to the Servicer or the Issuer) to furnish to the Trustee and each Rating Agency audited financial statements with respect to MCC, MDC and the Issuer along with a copy of the annual management letter prepared by such auditors pertaining to MCC, MDC and any subsidiaries of either. The audited financial statements required to be furnished by MCC and MDC to the Trustee and each Rating Agency pursuant to this Section 3.07 shall be special-purpose financial statements required to be prepared on the basis of accounting as stipulated in MDC's sixteenth amendment and MCC's fifteenth amendment to their respective partnership agreements. "Independent Public Accountants" means any nationally recognized public accounting firm (which includes as of the date hereof any of (a) Deloitte, (b) Ernst & Young, (c) KPMG, and (d) Price Waterhouse Coopers; provided, that such firm is independent with respect

to the Servicer within the meaning of the Securities Act. This Section 3.07 shall not apply to Portfolio Financial Servicing Company in its capacity as Backup Servicer or Successor Servicer

Section 3.08 [Reserved].

Section 3.09 Adjustments for Dishonored Collections. If (i) the Servicer makes a deposit into the Collection Account in respect of a Collection of a Loan and such Collection was received in the form of a check which is not honored for any reason or (ii) the Servicer makes a mistake with respect to the amount of any Collection and deposits an amount that is less than or more than the actual amount of such Collection, the Servicer shall appropriately adjust the amount subsequently deposited into the Collection Account to reflect such dishonored check or mistake. Any Loan in respect of which a dishonored check is received shall be deemed not to have been paid.

- Section 3.10 *Notices to MCC*. In the event that MCC or any Affiliate thereof is no longer acting as Servicer, any Successor Servicer appointed pursuant to Section 10.02 shall deliver or make available to MCC each certificate and report required to be prepared, forwarded or delivered thereafter pursuant to Sections 3.04, 3.05 and 3.06.
- Section 3.11 Representations of Backup Servicer. The Backup Servicer makes the following representations and warranties to the Trustee and the Noteholders:
- The Backup Servicer has been duly organized and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority to own its properties and to conduct its business as such properties shall be currently owned and such business is presently conducted. The Backup Servicer is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the character of the business transacted by it or properties owned or leased by it requires such qualification and in which the failure so to qualify would have a material adverse effect on the business, properties, assets, or condition (financial or otherwise) of the Backup Servicer, and no consent, approval, authorization, order, registration, filing, qualification, license or permit (collectively "Consents") of or with any court or regulatory authority or other governmental agency or body is required to be obtained by or with respect to the Backup Servicer in connection with the execution, delivery and performance by the Backup Servicer of this Agreement and the consummation of the transactions contemplated hereby (except, with respect to performance only, such Consents as the Backup Servicer may need to obtain prior to performance of its duties hereunder in the certain jurisdictions outside of Illinois, provided that in lieu of obtaining for itself the requisite Consents, the Backup Servicer may, in accordance with Section 10.02(c), delegate the performance of its duties to parties having the requisite Consents in such jurisdictions).
- (b) The Backup Servicer has the power and authority to execute and deliver this Agreement and to carry out its terms; and the execution, delivery, and performance of this Agreement has been duly authorized by the Backup Servicer by all necessary corporate action.
- (c) This Agreement constitutes a legal, valid, and binding obligation of the Backup Servicer enforceable in accordance with its terms, except as enforceability may be limited by WAS:184334.7

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bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability shall be considered in a proceeding in equity or at law.

- (d) The consummation of the transactions contemplated by this Agreement, and the fulfillment of the terms hereof do not, to the best of the Backup Servicer's knowledge, conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the charter or by-laws of the Backup Servicer, or any indenture, agreement or other instrument to which the Backup Servicer is a party or by which it is bound; nor result in the creation or imposition of any lien upon any of its properties pursuant to terms of any such indenture, agreement, or other instrument; nor violate any law or any order, rule, or regulation applicable to the Backup Servicer of any court or of any Federal or state regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over the Backup Servicer or its properties.
- (e) There are no proceedings or investigations pending or, to the best of the Backup Servicer's knowledge, threatened before any court, regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over the Backup Servicer or its properties (i) asserting the invalidity of this Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, or (iii) seeking any determination or ruling that might materially and adversely affect the performance by the Backup Servicer of its obligations under, or the validity or enforceability of, this Agreement.
- Servicer. The Backup Servicer agrees to use its best efforts to cause any Person (a) into which the Backup Servicer may be merged or consolidated, (b) which may result from any merger or consolidation to which the Backup Servicer shall be a party, or (c) which may succeed to the properties and assets of the Backup Servicer substantially as a whole, in any of the foregoing cases, to execute an agreement of assumption to perform every obligation of the Backup Servicer hereunder (and, whether or not such assumption agreement is executed, such Person shall be the successor to the Backup Servicer under this Agreement without further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding). Upon the occurrence of an event described in clauses (a), (b) or (c) of this Section 3.12, each Rating Agency, the Trustee and each Noteholder shall receive written notice within thirty (30) days of the completion of such event.
- Section 3.13 Periodic Data to Backup Servicer. The Servicer shall provide to the Backup Servicer on each Business Day, any reasonably requested and updated information regarding the Loans, Metals Collateral, Obligors, Designated Accounts and Metals Inventory in form and substance as would, in the reasonable judgment of the Servicer and Backup Servicer, enable the Backup Servicer if acting as Successor Servicer to promptly comply with the requirements of this Amended and Restated Servicing Agreement, including Section 5.04 hereof.
- Section 3.14 Backup Servicer Not to Resign. The Backup Servicer shall not resign from the obligations and duties imposed on it by this Agreement as Backup Servicer or, in the

event it replaces the Servicer, as Successor Servicer, except (i) upon a determination that by reason of a change in legal requirements the performance of its duties under this Agreement would cause it to be in violation of such legal requirements in a manner which would have a material adverse effect on the Backup Servicer, (ii) upon the written waiver by a Majority of Noteholders of the Event of Default associated with the delivery of a Termination Notice seeking appointment of a Successor Servicer, or (iii) upon the written approval of a Majority of Noteholders. Any determination described in clause (i) permitting the resignation of the Backup Servicer shall be evidenced by an Opinion of Counsel to such effect.

ARTICLE IV

Allocation and Application of Collections

Section 4.01 [Reserved].

Section 4.02 Establishment of Accounts.

- (a) The Collection Account. The Servicer, for the benefit of the Noteholders, shall direct the Trustee to establish in the name of the Trustee, for the benefit of the Noteholders of all Series, each of the following accounts:
 - (i) a noninterest bearing segregated account (the "Collection Cash Account") bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Noteholders, to be established and maintained in a segregated trust account with a Qualified Institution (which may be the Trustee); and
 - (ii) an account with the Metals Depository, evidencing the ownership by the Issuer of Metals constituting Eligible Metals Inventory received as a Collection in accordance with Section 3.01(c) (the "Collection Metals Account") and the records with respect to which clearly indicate that the Metals Inventory evidenced thereby are held for the security and benefit of the Trustee on behalf of the Noteholders of all Series.

The Collection Cash Account and the Collection Metals Account shall be deemed, for purposes of this Agreement, to constitute collectively the "Collection Account" as defined herein. All references in this Agreement to "amounts on deposit in the Collection Account" or words to similar effect shall be deemed to refer to an aggregate amount equal to (A) the cash value of Dollars held on deposit in the Collection Cash Account, plus (B) for the Collection Metals Account, the amount determined in accordance with Section 3.01(c)(ii). No credit shall be given for the deposit of Eligible Metals Inventory to the Collection Metals Account, for purposes of this Agreement, unless and until the Servicer obtains from the Metals Depository a written confirmation of the transfer of, and the ownership interest of the Issuer in, such Metals Inventory, *provided*, that no such written certification shall be required if the Eligible Metals Inventory immediately prior to their deposit to the Collection Metals Account were held and maintained as Metals Collateral. The Servicer shall give written notice to the Trustee of the location and account number of the Collection Cash Account (and analogous identifying

information in respect of the Collection Metals Account) and shall notify the Trustee in writing prior to any subsequent change thereof.

With respect to the foregoing, the account with the Metals Depository constituting the Equalization Metals Account established pursuant to Section 4.02(c) below shall be deemed for all purposes hereunder with respect to Collections received in the form of Eligible Metals Inventory as described in Section 3.01(c) (and immediately above), to constitute the Collection Metals Account with respect to such Metals, prior to their (substantially concurrent) allocation to the Equalization Metals Account as Metals Inventory valued at the Adjusted Inventory Balance, in accordance with Section 4.03(c). Accordingly and notwithstanding the foregoing, no additional account separate from the Equalization Metals Account need be established to constitute the Collection Metals Account.

- (b) Principal Funding Accounts; Required Amounts Accounts. The Servicer, for the benefit of the Noteholders of each individual Series, shall establish and maintain with a Qualified Institution (which may be the Trustee) in the name of the Trustee separate segregated trust accounts (each a "Principal Funding Account" and a "Required Amounts Account" for the related Series), each bearing a designation clearly indicating that the funds therein are held for the benefit of the Noteholders of each such applicable Series.
- (c) The Equalization Account. (i) The Servicer shall cause to be established, for the benefit of the Noteholders of all Series,
 - (A) with a Qualified Institution (which may be the Trustee), a segregated trust account (the "Equalization Cash Account" in the name of the Trustee bearing a designation clearly indicating that the funds deposited therein are held for the security and benefit of the Trustee on behalf of the Noteholders of all Series, and
 - (B) with the Metals Depository, an account evidencing the ownership by the Issuer of Metals constituting Metals Inventory (the "Equalization Metals Account") and the records with respect to which clearly indicate that the Metals Inventory evidenced thereby are held for the security and benefit of the Trustee on behalf of the Noteholders of all Series.

The Equalization Cash Account and the Equalization Metals Account shall be deemed, for purposes of this Agreement, to constitute collectively the "Equalization Account" as defined herein. All references in this Agreement to "amounts on deposit in the Equalization Account" or words to similar effect shall, when used in the context of determining a measurement of such amounts as of any date, be deemed to refer to an aggregate amount equal to (1) the cash value of monies on deposit in the Equalization Cash Account, plus (2) the Adjusted Inventory Balance in respect of Eligible Metals Inventory on deposit in the Equalization Metals Account, provided that references to withdrawals or transfers of such amounts shall, in the context of the Equalization Metals Account, be deemed to refer to amounts actually realized or to be realized upon the disposition of Metals Inventory contained in such account. The Servicer shall give written notice to the Trustee of the location and account number of the Equalization Cash

Account (and analogous identifying information in respect of the Equalization Metals Account) and shall notify the Trustee in writing prior to any subsequent change thereof. In addition, on the Closing Date for any Series of Notes, to the extent the proceeds of such Notes are not being used to redeem or repay Notes of another Series then outstanding, and to the extent such proceeds are not needed to fund Required Amounts or needed to be released to the Issuer to fund the payment of Purchase Price for Additional Loans on that date (in which case such proceeds shall be allocated on such date the same as if a Collection so as to be available for such purposes), then such proceeds shall be initially deposited into the Equalization Cash Account and their release from such account shall thereafter be governed by the other provisions of this Agreement relating to the release and application of amounts in the Equalization Cash Account.

(d) Administration of Trust Accounts.

- (i) The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Trust Accounts and in all proceeds thereof. Except as provided below, the Trust Accounts shall be under the sole dominion and control of the Trustee for the benefit of the Noteholders. Pursuant to authority granted to it hereunder, the Servicer shall have the revocable power to instruct the Trustee to withdraw funds from the Trust Accounts for the purpose of carrying out the Servicer's or the Trustee's duties hereunder. To the extent the Trust Accounts are held or maintained by the Trustee or its Affiliates, the Trustee at all times shall maintain accurate records reflecting each transaction in the Trust Accounts, and that funds held therein shall at all times be held in trust for the benefit of the Noteholders of each Series.
- Funds on deposit in the Trust Accounts (other than the Collection (ii) Account, which shall remain uninvested) may be invested by the Trustee (if directed in writing by the Servicer) in Eligible Investments. Any such investment must be in the name of the Trustee and shall mature and such funds shall be available for withdrawal on or prior to the date on which such funds must be distributed pursuant to Section 4.03(d). The Trustee shall maintain for the benefit of the Noteholders possession of the negotiable instruments or securities evidencing Eligible Investments from the time of purchase thereof until the time of sale or maturity. Earnings from any such investments when received shall be deposited in the Collection Account and treated as Collections for all purposes hereunder. Subject to the restrictions set forth above, the Servicer shall have the authority to instruct the Trustee in writing with respect to the investment of funds on deposit in the Trust Accounts. Any investment instructions to the Trustee shall be in writing and shall include a certification that the proposed investment is an Eligible Investment that matures at or prior to the time required by this Agreement. For purposes of determining the availability of funds or the balances in the Trust Accounts for any reason under this Agreement, all investment earnings on such funds shall be deemed not to be available or on deposit.

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Section 4.03 Collections and Allocations.

- Collections. Collections (i) received in respect of the Loans in the lockbox account established pursuant to the Lockbox Agreement, in accordance with the Lockbox Agreement, or if not so received, otherwise remitted by the Servicer in accordance with Section 3.01(b), (ii) any other amounts or Metals required to be paid or transferred as if the same were Collections pursuant to the provisions of this Agreement (including without limitation Sections 4.02(d)(ii), 4.03(b), 5.02(a), 5.02(b), 5.02(c), and 5.03) or any Supplement, and (iii) all amounts withdrawn from the Hedge Account, shall be paid or transferred, as the case may be, to the Collection Account, and the Servicer shall (A) in the case of cash payments, or cash proceeds derived from a Liquidation sale to MDC or to a third party other than MDC, allocate all such payments to the Collection Cash Account no later than the first Business Day following the date of receipt, and (B) in the case of payments received in respect of Liquidations where the related Metals Collateral has been sold directly to MDC in return for a conveyance of Eligible Metals Inventory in accordance with Section 3.01(c)(ii), then through the conveyance by MDC to the Issuer, for deposit into the Collection Metals Account on the same Business Day, of an Equivalent Quantity of Eligible Metals Inventory. No credit shall be given for deposits to the Collection Cash Account until such deposits represent actually collected funds.
- Hedge Account Administration. The Issuer has established the Hedge Account to maintain short positions in gold, silver, platinum and/or palladium futures or options traded on the COMEX/NYMEX in order to offset risks associated with the Issuer's long positions in Inventory and Collateral. The aggregate amount of ounces subject to short positions within the Hedge Account on any given Business Day cannot exceed 100% of the aggregate number of ounces of Metals Inventory owned by the Issuer together with the aggregate number of ounces of Metals Collateral securing Eligible Loans owned by the Issuer and with outstanding balances in excess of 66% of the Wholesale Value of Metals Collateral securing such Loans. On each Business Day, the Servicer will allocate short positions to Metals Inventory and Metals Collateral. Ounces of Metals Inventory allocated short positions covering at least 50% and at most 100% of such ounces will be deemed Hedged. Ounces of Metals Inventory allocated short positions covering less than 50% of such ounces will be deemed not hedged. Similarly, for Eligible Loans with outstanding amounts in excess of 66% of associated Metals Collateral, such Eligible Loans will be deemed Hedged if the Servicer has allocated short positions covering at least 50% and at most 100% of the ounces of Metals Collateral backing such Eligible Loans and not hedged otherwise. The Servicer shall monitor the Hedge Account on each Business Day to assure that it contains positive equity, maintains only short positions and only in amounts less than the amount of Inventory and Collateral as specified above. This Section 4.03(b) shall not apply to Portfolio Financial Servicing Company as Backup Servicer or Successor Servicer. Notwithstanding the foregoing, Portfolio Financial Servicing Company shall be responsible for the closure and liquidation of such hedge positions, if appointed Successor Servicer, as contemplated in Section 5.04(b) of this Agreement.
- (c) Certain Advances; Certain Releases. The Issuer may, in its discretion, accept a transfer and conveyance of Dollars or Metals Inventory from MDC in the form of an optional Advance or may withdraw funds from the Hedge Account even if not otherwise required to be

requested or withdrawn pursuant to Section 5.02(a). Such assets when conveyed shall be treated as Collections hereunder for the day on which the Advance or withdrawal is made and allocated accordingly. Also if on any Business Day either

- (i) there exists a positive Principal Variance (whether as a result of Advances or withdrawals described in the preceding sentence or otherwise), or
- (ii) if no Negative Principal Variance then exists and the release of amounts described in this sentence will, following allocation as a Collection as described below, result in the purchase by the Issuer of an equivalent Adjusted Eligible Pool Balance of Additional Loans,

then amounts on deposit in the Equalization Account in the amount of such positive Principal Variance, in the case of clause (i) (representing, in the discretion of the Issuer, either Metals Inventory or Dollars) or, in the case of clause (ii), amounts on deposit in the Equalization Cash Account equivalent to such Adjusted Eligible Pool Balance of Additional Loans, may at the option of the Issuer (the exercise of which shall be evidenced by a written direction to such effect by the Issuer or the Servicer, which may be contained as part of the Daily Report), be released and transferred to the Collection Account for allocation as a Collection hereunder.

- (d) Allocations for Series. On each Business Day, the amounts on deposit and available in the Collection Account for allocation, representing Collections (or amounts required to be treated as if Collections) received as of the close of the prior Business Day, shall be determined by the Servicer. The Servicer shall, prior to 2:00 p.m. (New York time) on such current Business Day, withdraw amounts from the Collection Account and allocate such amounts as set forth below, in the following order of priority:
 - (i) Required Amounts. To the extent the Required Amount for such Series exceeds the amounts then on deposit in the related Required Amounts Account, an amount (in the form of cash Dollars) up to (but not exceeding) such excess for deposit to the Required Amounts Account for such Series (with such amounts, in the event a deficiency in Required Amounts exists for more than one Series, to be withdrawn from the Collection Account and allocated pro rata based on the Series Allocation Percentages of the respective Series).
 - (ii) Equalization Account. To the extent a Negative Principal Variance exists, an amount up to (but not exceeding) the amount of such Negative Principal Variance, for deposit to the Equalization Account, with such amounts to be derived from the Collection Account in the following order of priority: (i) by the transfer of Dollars on deposit in the Collection Cash Account to the Equalization Cash Account, then (ii) from the transfer of Metals on deposit in the Collection Metals Account to the Equalization Metals Account.
 - (iii) Principal Funding Account. In the event an Amortization Period or a Delineated Principal Funding Period exists in respect of such Series, an amount (in the form of cash Dollars) up to (but not exceeding) the aggregate Principal Amount of each such Series outstanding (or such lesser amount with respect to the Amortization Period or

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Delineated Principal Funding Period with respect to a Series as may be specified in the related Supplement), for deposit into the Principal Funding Account (with such amounts, in the event that an Amortization Period and/or Delineated Principal Funding Period exists with respect to more than one Series, to be withdrawn from the Collection Account and allocated among Series' pro rata based on the proportion that the Principal Amount of each such Series bears to the sum of the Principal Amounts of all such Series); provided, that if an Amortization Period shall have commenced in respect of an Early Amortization Event and such Early Amortization Event shall have been cured to the satisfaction of a Majority of Noteholders or otherwise waived by such a Majority of Noteholders, such that the related Amortization Period shall have reverted to the Revolving Period, then any amounts previously deposited and remaining in the Principal Funding account in respect of such Amortization Period shall be released and treated as Collections for allocation as provided in this Section 4.03(c).

- (iv) Excess Collections. Any Collections remaining in the Collection Account, after giving effect to the allocations pursuant to clauses (i)-(iii) above (and, in the case of clause (B) and (C) below, subject to any special allocation rule provided for in a Supplement), (A) first, to the extent reimbursable expenses or indemnifications are payable hereunder to the Trustee or the Backup Servicer as Successor Servicer, shall be paid pro rata to the respective party entitled thereto, (B) second, to the extent (if any) specified by the Servicer on the related Daily Report at the direction of the Issuer in its sole discretion, shall be deposited into the Equalization Account (with amounts held in the Equalization Account also releasable by instruction of the Issuer at its option in accordance with, and subject to the restrictions set forth in, the final sentence of Section 4.03(b) above), and (C) third, shall be released for the account of the Issuer, to be paid first, to the Issuer to be used for the purchase of Additional Loans, and second to the Issuer to be used for the payment of dividends on or the redemption price of any MCC Preferred Units or MDC Preferred Units, or for any other permissible purpose.
- (e) Payments From Trust Accounts. On each Payment Date or Interest Payment Date, as specified below, the Servicer shall instruct the Trustee to make the following funds transfers in respect of each Series of Notes that remain outstanding on such date, from the Trust Accounts and in the order of priority specified below:
 - (i) Certain Fixed Fees. (A) On each October Payment Date (other than the initial one), an amount from each Required Amounts Account equal to the related Series Allocation Percentage of the Trustee Fee, to be distributed on such Payment Date to the Trustee; (B) on each October Payment Date (other than the initial one), an amount from each Required Amounts Account equal to the related Series Allocation Percentage of the Backup Servicer Fee, to be distributed on such Payment Date to the Backup Servicer; and (C) in the event that the Servicer is not MCC or an Affiliate of MCC, on each Payment Date, an amount from each Required Amounts Account equal to the related Series Allocation Percentage of the Servicing Fee, to be distributed on such Payment Date to the Servicer along with reimbursable expenses due Servicer in accordance with this Agreement.

- (ii) Interest; Other Amounts. (A) First, on each Interest Payment Date, an amount from each Required Amounts Account equal to the Note Interest payable on such date in respect of the related Series outstanding, and then (B) on each Payment Date, an amount from the Required Amounts Account equal to such other amounts as are specified in the applicable Supplement with respect to a Series as payable on a Payment Date pursuant to this subsection in respect of such Series from the Required Amounts Account, with such respective amounts in each case to be distributed as provided in the related Supplement.
- (iii) Principal During Amortization or Delineated Principal Funding Period. If an Amortization Period (or Delineated Principal Funding Period) has commenced and is continuing in respect of a Series, an amount from the Principal Funding Account equal to the applicable Note Principal distributable from the Principal Funding Account with respect to such Series as specified in the related Supplement for such Series, to be distributed on a Payment Date (or, if so specified in a related Supplement, an Interest Payment Date) to each Noteholder of such Series pro rata in accordance with such Noteholder's principal balance outstanding or as otherwise provided in the related Supplement.
- (iv) Servicing Fee. In the event that the Servicer is MCC or an Affiliate of MCC, on each Payment Date an amount from each Required Amounts Account equal to the Series Allocation Percentage of the Servicing Fee, to be distributed on such Payment Date to the Servicer, provided, that in the event the Trustee has received notice that any storage fees due and payable to the Metals Depository have not been paid, or that any fees or expenses payable to the Backup Servicer have not been paid, then the Trustee is hereby authorized and shall be required to deduct from the Servicing Fee otherwise payable to the Servicer hereunder (A) first, the amount of arrearage in storage fees and remit the same to the Metals Depository, and (B) after any such arrearage has been satisfied, then remit such amounts as may be due the Backup Servicer.

ARTICLE V

<u>Maintenance of Requisite Loan-to-Value Levels;</u> Forced Liquidation

Section 5.01 [Reserved].

Section 5.02 MDC Inventory Advances; Liquidation of Metals Inventory in Certain Circumstances.

(a) In the event that on any Business Day an Unsatisfied NPV exists, the Servicer shall not later than 12:00 noon Los Angeles time request, pursuant to the Optional Advance Agreement, an immediate Advance to the Issuer of any combination of (i) cash Dollars, and/or (ii) Metals Inventory, with such Dollars plus the Adjusted Inventory Balance of such newly contributed Metals Inventory as of such date to be not less than the amount of such Unsatisfied

NPV. The proceeds of such Advance shall be deposited into the Collection Account and treated as Collections received on such date for allocation in accordance with Section 4.03(c). To the extent that such request has not been complied with by 1:00 p.m. Los Angeles time, MDC shall be deemed to have refused such request (compliance with which in all events is not an obligation of MDC and may be refused by it in its sole discretion).

In the case that an Unsatisfied NPV exists on any Business Day such that for any particular Metal, the Wholesale Metal Price on that prior Business Day is more than 10% less than the Wholesale Metal Price for the prior Business Day, the Servicer will produce and deliver to the Trustee by 5:00 p.m. (New York time) a second complete Daily Report substantially in the form of Exhibit C-1 hereto. If this second Daily Report does not show a cure of the Unsatisfied NPV, the Servicer will take the steps outlined in Sections 5.02 (b), 5.02 (c) and 5.03 below to cure the Unsatisfied NPV beginning no later than 9:00 a.m. (New York time), the morning of the next Business Day.

- (b) In the event that on any Business Day an Unsatisfied NPV exists (after giving effect to the application of Collections provided for in Section 4.03(c) and the receipt of any Advances under Section 5.02(a)), then the Servicer shall immediately Liquidate sufficient Metals Inventory held in the Equalization Metals Account so as to obtain cash proceeds for application under Section 4.03(c) in the amount of such Unsatisfied NPV for such date and shall deposit the resulting cash proceeds into the Collection Cash Account.
- (c) MDC may on any Business Day instruct the Servicer, in MDC's discretion, to Liquidate all or any portion of the Metals Inventory then on deposit in the Equalization Metals Account, with the proceeds thereof to be deposited into the Collection Account and treated as Collections for allocation under Section 4.03(c), and the Servicer is authorized to accept and take action consistent with such instruction.

Section 5.03 Mandatory Collateral Calls, Forced Demands and Related Liquidations.

(a) With respect to any Loan as to which the Obligor's equity in such Loan (measured as of the close of the preceding Business Day) is less than the Required Equity Level applicable on the current Business Day (a "Collateral Shortfall"), the Servicer shall, as authorized under the provisions of the related Loan Agreement, immediately make a Collateral Demand upon the Obligor; provided, however, that so long as a Negative Principal Variance shall not exist, the Servicer in its discretion may delay the Collateral Demand in accordance with its customary servicing policies and procedures. All amounts received in respect of any such Collateral Demands, including proceeds of Liquidations in satisfaction thereof, shall be deposited (net of any amounts required to be paid to the Obligor) into the Collection Account when and as received. The Servicer shall in addition, as authorized in the Loan Agreement, increase the Required Equity Level in accordance with and to the extent provided in the definition thereof in Annex X to the extent that such increase is required due to the existence of an Unsatisfied NPV on any date, which date immediately follows the occurrence of a Significant NPV Period.

- (b) (i) With respect to any Loan as to which the Obligor's equity in such Loan (measured at any time) is less than the Special Required Equity Level, the Servicer shall immediately make demand upon the Obligor for the entire outstanding balance of such Loan (if not already made) and immediately Liquidate all Metals Collateral securing the same, as provided in the related Loan Agreement; *provided*, *however*, that so long as an Unsatisfied NPV shall not exist, the Servicer in its discretion may delay the acceleration and corresponding Liquidation of the Loan in its entirety but shall be required to Liquidate sufficient Metals Collateral so as to increase the Obligor's equity therein to not less than the Required Equity Level.
- (ii) With respect to any Loan as to which a Collateral Demand remains outstanding and unsatisfied after five (5) Business Days from the date of such Collateral Demand, the Servicer shall immediately accelerate the Loan in accordance with the Loan Agreement and immediately Liquidate all Metals Collateral securing the same, as provided in the related Loan Agreement; *provided, however*, that so long as an Unsatisfied NPV shall not exist, the Servicer in its discretion may delay the acceleration and corresponding Liquidation in accordance with its customary servicing policies and procedures.
- (iii) In the event that an Unsatisfied NPV continues to exist on any Business Day (after giving effect to the application of Collections on such date pursuant to Section 4.03(c) and the Advances contemplated in Section 5.02(a) and the Liquidations contemplated in Section 5.02(b)), the Servicer shall, as authorized in the related Loan Agreement, immediately (but only for an amount of Loans to the extent necessary to realize the amount of Unsatisfied NPV) Liquidate sufficient Metals Collateral securing Loans as to which any Collateral Demands instituted in accordance with Section 5.03(a) remain outstanding and unsatisfied, in the order of priority of (A) Loans as to which a Collateral Demand has been longest outstanding to (B) Loans as to which a Collateral Demand has been most recently made. The Servicer in addition shall by such Liquidation, as authorized in the related Loan Agreement, increase the Obligor's equity interest in such Loan to the Restoration Equity Level.
- (iv) All amounts received in respect of any such Collateral Demands or accelerations provided for above, including proceeds of Liquidations in satisfaction thereof, shall be deposited (net of any amounts required to be paid to the Obligor) into the Collection Account when and as received.
- (c) In the event that on any day the amount on deposit in any Required Amounts Account (after giving effect to the application of Collections required in Section 4.03(c)) is less than the Required Amount determined as of such day, the Servicer shall first (i) immediately request an Advance of Dollars from MDC of the shortfall, for deposit into the Collection Account and application on the succeeding Business Day pursuant to Section 4.03(d), and (ii) to the extent such Advance in the necessary amount is not made, Liquidate Metals Inventory and deposit the proceeds thereof into the Collection Account, to the extent necessary to increase the

amount in the Required Amounts Account (after application of such Collections in accordance with Section 4.03(c)) to such Required Amount.

In all events if the amount on deposit in the Required Amount Account (x) with respect to that portion of the Required Amount not comprised of amounts described in clause (e) of the definition thereof in Annex X, is or remains (after giving effect to the application of Collections required in Section 4.03(c)) less than such Required Amounts on any Business Day which is fifteen (15) or fewer days prior to the upcoming Payment Date, and (y) with respect to that portion of the Required Amount comprised of clause (e) of the definition thereof in Annex X, is or remains (after giving effect to the application of Collections required in Section 4.03(c)) less than the Required Amount on the third Business Day prior to the upcoming Payment Date, then in either such case the Servicer shall immediately make written demand, in accordance with related Loan Agreements, upon a sufficient number of Obligors (taking into account Loans as to which demands are already outstanding) for repayment of the Loans of such Obligors in their entirety, such that the repayment proceeds when deposited into the Collection Account and applied in accordance with Section 4.03(c) will eliminate the relevant shortfall in the Required Amount. In all events the Servicer shall, to the extent a shortfall in the Required Amount continues to exist on the Business Day immediately preceding the upcoming Payment Date (and to the extent Obligors have not otherwise paid such Loans in response to the previous written demand), Liquidate the Metals Collateral securing the accelerated Loans to the extent necessary to generate Collections in an amount equal to the shortfall, depositing the proceeds of such Liquidation (net of amounts required to be paid to the Obligors) into the Collection Account, as authorized in the related Loan Agreement. The Servicer in determining which Loans to liquidate shall choose Loans in accordance with the following order of priority: (x) Loans as to which an Obligor has previously breached its obligations under the related Loan Agreement, (y) Loans with the lowest levels of Obligor equity (provided, however, that so long as an Unsatisfied NPV shall not exist, the Servicer in its discretion may delay the acceleration, and any corresponding Liquidation, in accordance with its customary servicing policies and procedures), and (z) Loans as to which the proviso in clause (y) above has been exercised.

Section 5.04 Forced Demand and Liquidation - Upon Default and On Maturity..

(a) If upon the first to occur of (A) an Event of Default, or (B) the thirtieth (30th) day before the Series Maturity Date with respect to a Series, the amount on deposit in the applicable Principal Funding Account[s] is less than the amount necessary (i) in the case of an Event of Default, to repay the Principal Amount of all outstanding Series in full, or (ii) in the case of the incipient Series Maturity Date, to repay the Principal Amount of the maturing Series in full, the Servicer shall (1) first, immediately Liquidate Metals Inventory with the proceeds to be applied as Collections under Section 4.03(c) to increase the Principal Funding Account[s] up to such necessary amounts, and (2) if such necessary amounts are still not available after the action in clause (1), then the Servicer shall make written demand upon all Obligors, in the case of an Event of Default, or a sufficient number of Obligors (taking into account Loans as to which demands are already outstanding), in the case of an incipient Series Maturity Date, for repayment in the entirety of their Loans, informing such Obligors that payment must be received on

their Loans within 5 business days of the date of such demand notice and that (subject to the right of immediate liquidation if the Obligor's equity position falls below the Special Required Equity Level) if such repayment has not been received within 10 business days of the date of such notice, the Metals Collateral relating to their respective Loans will be subject to liquidation. With respect to demanded Loans as to which the entire amount due has not been received within such 10 business day period, the Servicer shall, not later than 25 days after the sending of the related notices, Liquidate the related Metals Collateral. The Servicer shall deposit the proceeds of such Liquidation or repayment Collections into the Collection Account for allocation in accordance with Section 4.03(c).

Notwithstanding the foregoing, if the Liquidation provided for in the (b) preceding paragraph (a) results from the occurrence of an Event of Default occasioned by the delivery of a Termination Notice effecting the appointment of a Successor Servicer hereunder, the Successor Servicer shall (i) immediately and concurrently Liquidate Metals Inventory, (ii) review the current Hedge Account statement, noting current open positions; contact the applicable futures broker; place orders to close all open positions; and provide written instructions to the futures broker to wire all proceeds from the liquidation of such futures positions to the Trust Collection Account; and (iii) shall in the manner specified in this paragraph below make written demand upon all Obligors for repayment in their entirety of their Loans and, not later than the time period specified in this paragraph below, Liquidate related Metals Collateral to the extent necessary to pay off such demanded Loans. Such demands and Liquidations shall be accomplished based on the information set forth in the most recent Daily Report delivered by the initial Servicer during this period (and related metals allocation report referred to in Section 3.04(a)(ii)). Using such Daily Report and in connection with the Liquidation of Metals Inventory described above, and of Metals Collateral for demanded Loans as described further below, the Successor Servicer shall request from the first metals dealer listed on such most recent Daily Report, a purchase price bid for such Metals Inventory and Metals Collateral, as applicable. The Successor Servicer shall accept any bid which will realize not less than the Wholesale Value and arrange for prompt settlement in a manner which is usual and customary for trades in the precious metals market. To the extent that the first such listed dealer does not make a complying bid at all, or only makes a complying bid for a portion of the portfolio, the Successor Servicer shall solicit complying bids for the unsold remainder from the next listed precious metals dealer, so as to arrange by one or any combination of bids for the sale in the aggregate of the Metals Inventory and Metals Collateral, as applicable, at not less than Wholesale Value. In connection with a Liquidation of Metals Collateral pursuant to this paragraph, the Successor Servicer shall send a notice to all Obligors substantially in the form attached as Exhibit M hereto. Such notice shall inform the Obligors that repayment of their Loans is demanded in full, with payment to be received within 5 business days after the date of such notice, and that (subject to the right of immediate liquidation if the Obligor's equity position falls below the forced liquidation level as provided in the Loan Agreement) if repayment has not been received within 10 business days of the date of such notice, the related Metals Collateral will be subject to liquidation with the proceeds to be used to pay off the related Loans. On each Business Day, the Successor Servicer will: (I) calculate position equity for each Loan; (II) Liquidate Metals Collateral with respect to each Loan as to which the Obligor's equity has fallen below the Special Required Equity Level as specified on the most recent Daily Report delivered by the initial Servicer; (III) calculate accrued interest on each Loan and the current outstanding balance thereof with such accrued interest added to principal as provided in the related Loan Agreement, and (IV) apply payments received from Obligors to their respective Loans. With respect to demanded Loans as to which the entire amount due has not been received within the 10 business day period referred to above, the Successor Servicer shall, not later than 25 days after the sending of the related notices, Liquidate the related Metals Collateral (using the bid procedures described above). The Successor Servicer shall deposit the proceeds of any Liquidation pursuant to this paragraph or repayment Collections into the Collection Account for allocation in accordance with Section 4.03(c). As soon as practicable after a sufficient amount has been deposited into the Collection Account to repay all outstanding Series in full, the Trustee shall redeem all outstanding Notes; provided, however, that such redemption shall comply with the Master Indenture and any applicable Supplement. It is understood that if the Trustee and Backup Servicer (acting as Successor Servicer) complies with the duties and requirements set forth herein, they shall have no liability to any Noteholder or other party with respect to the demands and liquidations.

ARTICLE VI

[Reserved]

ARTICLE VII

[Reserved]

ARTICLE VIII

Other Matters Relating to the Servicer

Section 8.01 *Liability of the Servicer*. The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer in such capacity herein.

Section 8.02 Merger or Consolidation of, or Assumption of the Obligations of, the Servicer. The Servicer shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless the following criteria are satisfied.

(i) The entity formed by such consolidation or into which the Servicer is merged or the Person which acquires by conveyance or transfer the properties and assets of the Servicer substantially as an entirety shall be organized and existing under the laws of the United States of America or any State or the District of Columbia and, if the Servicer is not the surviving entity, shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Trustee, the performance of every covenant and obligation of the Servicer hereunder (to the extent that any right, covenant or obligation of the Servicer, as applicable hereunder, is inapplicable to the successor entity, such successor entity shall be subject to such covenant or obligation, or benefit from such right, as would apply, to the extent practicable, to such successor entity).

- (ii) The Servicer shall have delivered to the Trustee an Officer's Certificate that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section 8.02 and that all conditions precedent herein provided for relating to such transaction have been complied with and an Opinion of Counsel that such supplemental agreement is legal, valid and binding with respect to the Servicer and that the entity surviving such consolidation, conveyance or transfer is organized and existing under the laws of the United States of America or any State or the District of Columbia.
- (iii) The Servicer shall have delivered notice to each Rating Agency of such consolidation, merger, conveyance or transfer, and the Rating Agency shall have provided written confirmation that such consolidation, merger, conveyance or transfer will not result in any such Rating Agency reducing or withdrawing the rating on any then outstanding Series as to which it is a Rating Agency.

Section 8.03 Limitation on Liability of the Servicer and Others. The officers, employees or agents of the Servicer (as distinguished from the Servicer in its capacity as an entity, but not excluding any liability of a general partner of the Servicer under applicable law) shall not be under any liability to the Issuer, the Trustee, the Noteholders or any other Person hereunder or pursuant to any document delivered hereunder, it being expressly understood that all such liability is expressly waived and released as a condition of, and as consideration for, the execution of this Agreement and the issuance of the Notes; provided, however, that this provision shall not protect the officers, employees and agents of the Servicer against any liability which would otherwise be imposed upon them by reason of misfeasance or bad faith.

Section 8.04 Servicer Indemnification. Subject to the limitations on liability set forth in Section 8.03, the Servicer shall indemnify and hold harmless the Issuer, the Trustee, the Backup Servicer, any Noteholder, and any successor, assign, officer, director, agent or employee of any of them (each, an "Indemnified Party") from and against any loss, liability, reasonable expense, damage or injury, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, suffered or sustained by reason of any acts or omissions or alleged acts or omissions of the Servicer with respect to activities of the Issuer or the Trustee for which the Servicer is responsible pursuant to this Agreement; provided, however, that the Servicer shall not indemnify or hold harmless the Issuer or the Noteholders for any losses, liabilities, expenses, damages or injuries suffered or sustained by any of them with respect to any action taken by the Trustee, the Issuer or the Servicer at the request of a Majority of Noteholders; provided further, that the Servicer shall not indemnify or hold harmless the Issuer or the Noteholders for any losses, liabilities, expenses, damages or injuries suffered or

sustained by the Issuer or the Noteholders arising under any tax law, including without limitation, any federal, state, local or foreign income or franchise taxes or any other tax imposed on or measured by income (or any interest, penalties or additions with respect thereto or arising from a failure to comply therewith) required to be paid by the Issuer or the Noteholders in connection herewith to any taxing authority; and, provided, further, that in no event will the Servicer be liable, directly or indirectly, for any indebtedness or obligation evidenced or created by any Note, recourse as to which shall be limited solely to the Issuer and the Trust Estate granted and assigned to secure the payment thereof as provided in the Master Indenture and any applicable Supplement. Any such indemnification shall not be payable from the assets of the Issuer except to the extent provided in Section 4.03(c) hereof or any applicable Supplement. The Servicer shall indemnify and hold harmless each of the Trustee and the Backup Servicer and any Noteholder, and their respective officers, directors, employees or agents, from and against any loss, liability, reasonable expense, damage or injury suffered or sustained by reason of the acceptance of the Trust Estate by the Trustee, acceptance or performance by the Backup Servicer of its duties hereunder (including performance as Successor Servicer), the issuance by the Issuer of the Notes, any forced demand, liquidation or other action or remedy in respect of any Loan, or any of the other matters contemplated herein or in any Supplement; provided, however, that the Servicer shall not indemnify the Trustee, the Backup Servicer or their officers, directors, employees or agents for any loss, liability, expense, damage or injury caused by the fraud, gross negligence or willful misconduct of any of them. The provisions of this indemnity shall run directly to and be enforceable by an injured party subject to the limitations hereof and shall survive the resignation or removal of the Servicer or the Backup Servicer, the resignation or removal of the Trustee and/or the repayment in full of the Secured Obligations and shall survive the termination of this Agreement.

This Section 8.04 shall not apply to Portfolio Financial Servicing Company in its capacity as Backup Servicer or Successor Servicer. In the event that Portfolio Financial Servicing Company is appointed Successor Servicer, the following indemnification language shall apply:

Portfolio Financial Servicing Company shall defend, indemnify, and hold Trustee, Noteholders and Issuer and their respective shareholders, directors, affiliates, assignees, agents, and employees harmless from and against any and all loss and liability arising from PFSC's gross negligence, bad faith, fraud or willful misconduct. The Servicer in addition agrees to diligently service and administer the trust assets for which it is responsible in accordance with applicable law and in accordance with the terms of this Agreement and in the same manner in which, and with the same care, skill, prudence and diligence with which it would service and administer other third party portfolios of such assets or portfolios of such assets owned by the Servicer itself and with a view toward timely recovery of principal and interest on trust assets.

Section 8.05 The Servicer Not to Resign. The Servicer shall not resign from the obligations and duties hereby imposed on it except upon determination that (i) the performance of its duties hereunder is no longer permissible under applicable law, and (ii) there is no reasonable action which the Servicer could take to make the performance of its duties hereunder permissible under applicable law. Any such determination permitting the resignation of the

Servicer shall be evidenced as to clause (i) above by an Opinion of Counsel to such effect delivered to the Trustee. No such resignation shall become effective until the Trustee or a Successor Servicer shall have assumed the responsibilities and obligations of the Servicer in accordance with Section 10.02 hereof. If the Trustee is unable within 120 days of the date of delivery to it of such Opinion of Counsel to appoint a Successor Servicer, the Trustee shall serve as Successor Servicer hereunder (but shall have continued authority to appoint another Person as Successor Servicer).

Section 8.06 Access to Certain Documentation and Information Regarding the Loans. The Servicer shall provide to the Trustee (or any agent for the same), and to the Backup Servicer (or any agent for the same) access to the documentation regarding the Designated Accounts, the Loans and the related Metals Collateral and Metals Inventory in such cases where any of them is required in connection with the enforcement of the rights of the Noteholders, or by applicable statutes or regulations, to review and at such time or times as any of them shall request such documentation, such access being afforded without charge and at such time or times as any of them shall request.

Section 8.07 Delegation of Duties. In the ordinary course of business, the Servicer may at any time delegate any duties hereunder to any Person who agrees to conduct such duties in accordance with the Collection Policies. Any such delegations shall not relieve the Servicer of its liability and responsibility with respect to such duties, and shall not constitute a resignation within the meaning of Section 8.05 hereof; provided, however, that in the case of any significant delegation to a Person other than an Affiliate of MCC (i) written notice shall be given to the Trustee and to each Rating Agency of such delegation, and (ii) no Rating Agency shall have notified the Issuer or the Trustee in writing that such delegation will result in the lowering or withdrawal of its then existing rating of any Series or Class of Notes.

Section 8.08 Maintenance of Property; Insurance.

The Servicer will (i) keep all property and assets useful and necessary in (a) its business as Servicer in good working order and condition (normal wear and tear excepted), (ii) maintain, with financially sound and reputable insurance companies, insurance on all its property and assets necessary in its business as Servicer in at least such amounts and against at least such risks (and with such risk retention) in the Servicer's reasonable judgment as are usually insured against in the same general area by companies of established repute engaged in the same or a similar business, (iii) furnish to the Trustee, upon written request, full information as to the insurance carried, (iv) within five days of receipt of notice from any insurer, furnish the Trustee with a copy of any notice of cancellation or material change in coverage from that existing on the initial Closing Date, and (v) forthwith, furnish the Trustee with notice of any cancellation or nonrenewal of coverage. The Servicer will (A) maintain disaster recovery systems and other information management systems that, in the Servicer's reasonable judgment, are sufficient to enable it to perform its obligations as Servicer without material interruption or loss of the Loans, Metals Collateral, Metals Inventory or Collections, in the event of damage to, or loss or destruction of, its primary computer and information management systems and (B) upon request, furnish to the Trustee and the Backup Servicer (x) full information as to such disaster recovery systems and (y) back-up computer operating systems and applications software used for the collection of Loans and the monitoring of Metals Collateral and Metals Inventory (this clause (y) shall not apply to the Backup Servicer in its capacity as Backup Servicer or Successor Servicer). continuance of an Event of Default, Prospective Event of Default, Servicer Default or event, which upon the giving of notice or passage of time, would be a Servicer Default the Trustee may (upon written instruction of a Majority of Noteholders) request, and upon such request the Servicer shall provide to the Trustee and the Backup Servicer, copies of back-up data regarding the Loans, Metals Collateral and Metals Inventory, such data to be provided with such frequency as designated in such request. The Servicer hereby represents and warrants that, upon delivery by the Servicer of the Loans Software, the Licensed Names and the back-up data specified above, the Trustee and the Backup Servicer shall have adequate proprietary rights, Loan Software and back-up data to permit orderly collection of the Loans, Metals Collateral and Metals Inventory without the participation of the Servicer.

In addition to, and not in derogation of, the insurance requirements set forth in Section 8.08(a) above, the Servicer shall maintain, at its own expense, a blanket fidelity policy, with broad coverage with responsible companies on all officers, employees or other persons acting on behalf of the Servicer in any capacity with regard to the Trust Estate to handle funds, money, documents and papers relating to the Trust Estate. Any such fidelity policy shall protect and insure the Servicer against losses, including forgery, theft, embezzlement and similar acts of such persons and shall be maintained in a form and amount that would meet the requirement of prudent institutional servicers of loans and assets similar to the Loans and Related Interests. No provision of this Section 8.08(b) requiring such fidelity policy shall diminish or relieve the Servicer from its duties and obligations as set forth in this Agreement. The Servicer shall be deemed to have complied with this provision if one of its Affiliates has such fidelity coverage and, by the terms of such fidelity policy, the coverage afforded thereunder extends to the Servicer. The Servicer shall cause any sub-servicer for it to maintain a policy of insurance which would meet such requirements. Upon request of the Trustee, the Servicer shall cause to be delivered a certification evidencing coverage under such fidelity policy. Any such fidelity policy shall not be cancelled or modified by the Servicer in a materially adverse manner without ten days' prior written notice to the Trustee and each Rating Agency.

ARTICLE IX

[Reserved]

ARTICLE X

Servicer Defaults

Section 10.01 Servicer Defaults. If any one of the following events (a "Servicer Default") shall occur and be continuing:

- (a) any failure by the Servicer to make any payment, transfer or deposit, to prepare or provide any Daily Report, or to take any actions in respect of Loans, Metals Inventory or other Trust Estate assets required under any provision of Article V, or to give instructions or notice to the Trustee pursuant to Article III, Article IV or Article V on or before the date such payment, transfer, deposit, withdrawal or drawing or such instruction or notice is required to be made or given, as the case may be, under the terms of this Agreement.
- (b) failure on the part of the Servicer duly to observe or perform in any respect any other covenants or agreements of the Servicer set forth in this Agreement, which continues unremedied for a period of 20 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Trustee.
- (c) any representation, warranty or certification made by the Servicer in this Agreement or in any certificate delivered pursuant to this Agreement shall prove to have been incorrect when made, and which continues to be incorrect in any material respect for a period of 20 days after the date on which written notice of such incorrectness shall have been given to the Servicer by the Trustee.
 - (d) an Insolvency Proceeding shall occur with respect to the Servicer.
- (e) MCC and /or MDC shall have suffered the issuance of any judgment, writ of attachment, execution or similar process involving, in the aggregate, a liability of \$10,000,000 or more not otherwise covered by insurance (subject to standard deductibles), which judgment, attachment or execution thereon is not being stayed pending appeal;

then, so long as such Servicer Default shall not have been remedied, either the Trustee, or a Majority of Noteholders, shall promptly give notice of such Servicer Default in writing (with a copy to each Rating Agency) to the Servicer (and to the Trustee if given by a Majority of Noteholders) (a "Default Notice"). If such Servicer Default is not remedied within 24 hours of receipt by the Servicer (and the Trustee, if given by a Majority of Noteholders) of the Default Notice the Trustee shall deliver a written notice whereby all of the rights and obligations of the Servicer as Servicer under this Agreement are terminated and the same are transferred to the Successor Servicer (which may be the Backup Servicer) (a "Termination Notice").

The Servicer agrees that promptly after it receives such Termination Notice, the Servicer will at its own expense deliver to the Successor Servicer or its designee a computer file containing a true and complete list of all Designated Accounts, identified by account number and setting forth the Outstanding Balance of each Loan as of the date of receipt of such Termination Notice together with all other Relevant Information. After receipt by the Servicer of such WAS:184334.7

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Termination Notice, all authority and power of the Servicer under this Agreement shall pass to and be vested in the Successor Servicer in accordance with Section 10.02; and, without limitation, the Successor Servicer is hereby authorized and empowered (upon the failure of the Servicer to cooperate) to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, all documents and other instruments upon the failure of the Servicer to execute or deliver such documents or instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights and obligations. The Servicer agrees to cooperate with the Trustee and the Successor Servicer in effecting the termination of the responsibilities and rights of the Servicer to conduct servicing hereunder including, without limitation, the transfer to the Successor Servicer of all authority of the Servicer to service the Loans, Metals Collateral and Metals Inventory provided for under this Agreement, all authority over all Collections which shall on the date of transfer be held in any lockbox account or held by the Servicer for deposit, or which have been deposited by the Servicer, in the Collection Account, the Equalization Account, any Required Amounts Account, any Principal Funding Account, or any other Series Account, or which shall thereafter be received with respect to the Trust Estate. The Servicer shall promptly transfer its electronic records or electronic copies thereof relating to the Loans, Metals Collateral and Metals Inventory to the Successor Servicer in such electronic form as the Successor Servicer may reasonably request and shall promptly transfer to the Successor Servicer all other records, correspondence and documents necessary for the continued servicing of the Loans, Metals Collateral and Metals Inventory in the manner and at such times as the Successor Servicer shall reasonably request.

To the extent that compliance with this Section 10.01 shall require the Servicer to disclose to the Successor Servicer information of any kind which the Servicer reasonably deems to be confidential, the Successor Servicer shall be required to enter into such customary licensing and confidentiality agreements as the Servicer shall deem reasonably necessary to protect its interests.

In connection with any service transfer, all reasonable costs and expenses (including attorneys' fees) incurred in connection with transferring the records, correspondence and other documents with respect to the Loans and the other Trust Estate assets to the Successor Servicer and amending this Agreement to reflect such succession as Successor Servicer pursuant to this Section 10.01 and Section 10.02 shall be paid by the Servicer (unless the Trustee is acting as the Servicer on a temporary basis, in which case the original Servicer shall be responsible therefor). Also in connection with any servicing transfer, the Servicer and Issuer each hereby irrevocably authorize and grant to the Successor Servicer an irrevocable power-of-attorney to take any and all steps in the Servicer's or the Issuer's name and on behalf of the Servicer or the Issuer that are necessary or desirable to perform its duties hereunder, including without limitation collecting amounts due under the Loans endorsing the Servicer's or Issuer's name on checks and other instruments representing collections and enforcing or realizing against the Loans and Related Interests and other Trust Estate assets. This power-of-attorney is coupled with an interest.

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Section 10.02 Appointment of Backup Servicer.

- (a) On and after the receipt by the Servicer of a Termination Notice pursuant to Section 10.01, the Servicer shall continue to perform all servicing functions under this Agreement until the date specified in the Termination Notice or as otherwise specified by the Trustee in writing or, if no such date is specified in such Termination Notice, or otherwise specified by the Trustee, until a date mutually agreed upon by the Servicer and Trustee. The Trustee shall notify each Rating Agency of such removal of the Servicer and the appointment of a Successor Servicer.
- (b) Upon its appointment, and upon its written acceptance in form and substance acceptable to the Trustee, the Backup Servicer (or any other successor servicer with the prior written approval of a Majority of Noteholders) shall be appointed the successor (the "Successor Servicer") in all respects to the Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof, and all references in this Agreement to the Servicer shall be deemed to refer to the Successor Servicer; provided, however, the parties hereto acknowledge and agree that the Backup Servicer's obligation to assume the role of Successor Servicer hereunder is limited to the circumstance where an Event of Default has occurred and is continuing (and, as indicated in the definition of Event of Default appearing in Annex X, such Event of Default may itself be occasioned solely by the delivery of a Termination Notice seeking appointment of a Successor Servicer hereunder). Accordingly, and notwithstanding any provisions herein suggesting to the contrary, the Backup Servicer in such capacity as Successor Servicer is engaging to undertake only the obligations and duties of a Successor Servicer as provided for in Section 5.04(b) hereunder which relate to, or are necessary or incidental to, accomplishing the actions and results which are required to occur hereunder as a result of an Event of Default, or which are otherwise required to be performed by a Successor Servicer acting as Servicer hereunder following the occurrence of an Event of Default. Therefore all references to the Successor Servicer's duties in this Agreement should be interpreted in a manner consistent with the primary objective of the Successor Servicer to liquidate the assets of the Issuer and cause the repayment of the Notes in the most expeditious manner. Obligations that go beyond that standard should not be considered by this Agreement to be imposed on the Successor Servicer, unless the Successor Servicer, the Trustee and the Noteholders agree that such duty is material to the most expeditious and effective collection, liquidation and disposition of assets. Until such time as the Backup Servicer (or other Successor Servicer) has accepted its appointment, the Trustee shall serve in the role of Successor Servicer.
- (c) The Successor Servicer may subcontract its responsibilities hereunder in the ordinary course of the performance of its duties hereunder so long as the Successor Servicer shall retain supervisory control of any such subcontractor. The Successor Servicer shall be fully responsible to the Issuer and the Trustee for any and all acts or failures to act of any such delegatee or subcontractor to the same extent as if the Successor Servicer were performing or directly responsible for such delegatee's or subcontractor's duties and responsibilities.

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- (d) All authority and power granted to the Backup Servicer or Successor Servicer under this Agreement shall automatically cease and terminate upon repayment of the Secured Obligations in full and shall pass to and be vested in the Issuer and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the Successor Servicer, as attorney-in-fact or otherwise, all documents and other instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. The Successor Servicer agrees to cooperate with the Issuer in effecting the termination of the responsibilities and rights of the Successor Servicer to conduct servicing in respect of the Loans and other Trust Estate assets. The Successor Servicer shall transfer its electronic records relating to the Loans and other Trust Estate assets to the Issuer in such electronic form as the Issuer may reasonably request and shall transfer all other records, correspondence and documents to the Issuer in the manner and at such times as the Issuer shall reasonably request.
- (e) BNYM shall have no liability for the actions of Portfolio Financial Servicing Company as successor Backup Servicer or Successor Servicer, and Portfolio Financial Servicing Company shall have no liability for the actions of BNYM as Backup Servicer or as Trustee.

Section 10.03 Notification to Noteholders. Within two Business Days of the Servicer becoming aware of any Servicer Default, the Servicer shall give written notice thereof to the Trustee and, upon receipt of such written notice, and the Trustee shall give notice to the Noteholders at their respective addresses appearing in the Note Register. Within two Business Days of any termination or appointment of a Successor Servicer pursuant to this Article X, the Trustee shall give prompt written notice thereof to Noteholders at their respective addresses appearing in the Note Register, and to each Rating Agency.

Section 10.04 Waiver of Past Defaults. A Majority of Noteholders may, on behalf of all Noteholders, and with prior written notice to each Rating Agency, waive any default by the Servicer or Issuer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE XI

[Reserved]

ARTICLE XII

[Reserved]

ARTICLE XIII

Miscellaneous Provisions

Section 13.01 Amendment.

- (a) This Agreement may be amended from time to time by the Servicer, the Issuer, the Backup Servicer and the Trustee (i) to cure any ambiguity, to revise any exhibits or schedules, to correct or supplement any provisions herein or thereon which may be inconsistent with any other provisions herein or thereon, or (ii) to add any other provisions with respect to matters or questions raised under this Agreement which shall not be inconsistent with the provisions of this Agreement.
- (b) This Agreement (but not including any schedule or exhibit thereto, revisions to which shall be governed by the preceding paragraph) may also be amended from time to time by the Servicer, the Issuer, the Backup Servicer and the Trustee, with the prior written consent of not less than a Majority of Noteholders, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, or of modifying in any manner the rights of the Holders of Notes (to the extent any such addition, change, elimination or modification does not fall within the terms of the paragraph immediately above); *provided, however*, that (i) the Servicer shall have provided an Officer's Certificate to the Trustee to the effect that such amendment will not materially and adversely affect the interests of the WAS:184334.7

Noteholders, and (ii) the Servicer shall have first obtained a Ratings Confirmation; provided further, however, that no such amendment under this subsection shall have the effect of (A) reducing in any manner the amount of, or delay the timing of, distributions which are required to be made on any Note of such Series without the consent of the related Noteholders; (B) change the definition of or the manner of calculating the interest of any Noteholder of such Series without the consent of the related Noteholder or (C) reduce the aforesaid percentage required to consent to any such amendment, in each case without the consent of all such Noteholders.

- (c) Promptly after the execution of any amendment pursuant to subsection (a) or (b), the Trustee shall furnish notification of the substance of such amendment to each Noteholder of each Series affected by such amendment and, unless such notice has already been given pursuant to a requirement above, the Servicer shall furnish notification of the substance of such amendment to each Rating Agency providing a rating for such Series not less than ten Business Days prior to the proposed effective date for such amendment.
- (d) It shall not be necessary to obtain the consent of Noteholders under this Section 13.01 (where such consent is required) to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof.
- (e) In connection with any amendment, the Trustee may request an Opinion of Counsel from the Issuer or Servicer to the effect that the amendment complies with all requirements of this Agreement. The Trustee may, but shall not be obligated to, enter into any amendment which affects the Trustee's rights, duties or immunities under this Agreement or otherwise.

Section 13.02 Protection of Right, Title and Interest to Trust Estate.

- (a) The Servicer shall cause all financing statements and continuation statements and any other necessary documents and notifications covering the Noteholders and the Trustee's right, title and interest to the Trust Estate to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by law fully to preserve and protect the right, title and interest of the Noteholders or the Trustee, as the case may be, hereunder to all property constituting the Trust Estate. The Servicer shall deliver to the Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer shall cooperate fully with the Servicer in connection with the obligations set forth above and will execute any and all documents reasonably required to fulfill the intent of this Section 13.02(a). The Servicer's obligation to file or cause to be recorded, registered and filed financing statements and continuation statements and any other necessary documents and notifications shall not apply to Portfolio Financial Servicing Company in its capacity as Backup Servicer or Successor Servicer.
- (b) Within 30 days after the Issuer makes any change in its name, identity or corporate structure which would make any financing statement or continuation statement filed in accordance with paragraph (a) above materially misleading within the meaning of the UCC as in

effect in the Relevant UCC State, the Servicer shall give the Trustee written notice of any such change and shall file such financing statements or amendments as may be necessary to continue the perfection of the Trustee's security interest in the Trust Estate.

- (c) Each of the Issuer and the Servicer will give the Trustee prompt written notice of any change in its "location" (within the meaning of Section 9-301 of the UCC) or the relocation of any office from which it services Loans or keeps records concerning the Loans and other related Trust Estate assets and whether, as a result of such change or relocation, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement, and shall file such financing statements or amendments as may be necessary to continue the perfection of the Trustee's security interest in the Loans and other related Trust Estate assets and the proceeds thereof. Each of the Issuer and the Servicer will at all times maintain its "location" as described above, and each office from which it services Loans within the United States of America.
- The Servicer will deliver to the Trustee on or before October 31 of each year, (d) beginning with October 31, 2003, an Opinion of Counsel, substantially in the form of Exhibit G. This Section 13.02(d) shall not apply to Portfolio Financial Servicing Company in its capacity as Backup Servicer or Successor Servicer.

Section 13.03 [Reserved].

Section 13.04 Governing Law. This agreement shall be construed in accordance with the laws of the State of California without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 13.05 Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at, sent by facsimile to, sent by courier at or mailed by registered mail, return receipt requested, to:

If to Servicer, Monex Credit Company

4910 Birch Street

Newport Beach, California 92660-2188

Attention: Brian Jenkins

Telephone Number: (949) 752-1400

Facsimile Number: (949) 752-0607

If to the Issuer, Concord Funding Company, L.L.C.

4900 Birch Street

Newport Beach, California 92660-2188

Attention: Brian Jenkins

Telephone Number: (949) 752-1400

(949) 752-0607 Facsimile Number:

If to S&P,

Standard & Poor's Ratings Service

55 Broadway - 41st Floor New York, New York 10004

Attention: Asset Backed Securities Surveillance

Telephone Number: (212) 438-1108 Facsimile Number: (212) 438-2664

If to the Trustee,

The Bank of New York Mellon Trust Company

2 North LaSalle Street, Suite 1020

Chicago, Illinois 60602

Attention: Structured Finance Group-Monex

Telephone Number: (312) 827-8500 Facsimile Number: (312) 827-8562

If to Backup Servicer,

Portfolio Financial Servicing Company

2121 SW Broadway, #200

Portland, OR 97201 Attention: President Tel. No. (503) 721-3234 Facsimile No. (503) 274-0439

or, as to each party, at such other address as shall be designated by such party in a written notice to each other party.

Section 13.06 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of the Notes or rights of the Noteholders thereof.

Section 13.07 *Assignment*. Notwithstanding anything to the contrary contained herein, except as provided in Section 8.02, this Agreement may not be assigned by the Servicer without the prior written consent of a Majority of Noteholders.

Section 13.08 Further Assurances. The Issuer and the Servicer agree to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Trustee more fully to effect the purposes of this Agreement and the Master Indenture, including, without limitation, the execution of any financing statements or continuation statements relating to the Loans and the other Trust Estate assets for filing under the provisions of the UCC of any applicable jurisdiction.

Section 13.09 *No Waiver; Cumulative Remedies.* No failure to exercise and no delay in exercising, on the part of the Trustee or the Noteholders, any right, remedy, power or privilege

hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 13.10 *Counterparts*. This Agreement may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

Section 13.11 *Third-Party Beneficiaries*. This Agreement will inure to the benefit of and be binding upon the parties hereto, the Noteholders (who shall constitute express third party beneficiaries hereof) and their respective successors and permitted assigns. Except as otherwise provided in this Article XIII, no other Person will have any right or obligation hereunder.

Section 13.12 Actions by Noteholders.

- (a) Wherever in this Agreement a provision is made that an action may be taken or a notice, demand or instruction given by Noteholders, such action, notice or instruction may be taken or given by any Noteholder, unless such provision requires a specific percentage of Noteholders.
- (b) Any request, demand, authorization, direction, notice, consent, waiver or other act by a Noteholder shall bind such Noteholder and every subsequent holder of such Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done or omitted to be done by the Trustee or the Servicer in reliance thereon, whether or not notation of such action is made upon such Note.
- (c) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by agent duly appointed in writing; and except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, when required, to the Issuer or the Servicer. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Agreement or any Supplement and conclusive in favor of the Trustee, the Backup Servicer, the Issuer and the Servicer, if made in the manner provided in this Section.
- (d) The fact and date of the execution by any Noteholder of any such instrument or writing may be proved in any reasonable manner which the Trustee deems sufficient.
- Section 13.13 *Merger and Integration*. Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

Section 13.14 *Headings*. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

[signatures follow]

IN WITNESS WHEREOF, the Issuer, the Servicer, the Trustee and the Backup Servicer have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

CONCORD FUNDING COMPANY, L.L.C., as Issuer	MONEX CREDIT COMPANY, as Servicer
By: CONCORD MANAGER CORPORATION (f.k.a. Concord Management Corporation), its Member-Manager	By: METCO MANAGEMENT CORPORATION, General Partner
By: Printed Name: Michael A. Carabini Title: President	By: Printed Name: Title:
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., successor in interest to BNY Midwest Trust Company, as Trustee By:	PORTFOLIO FINANCIAL SERVICING COMPANY, as Backup Servicer By:
Printed Name: Robert Castle Title: Vice President	Printed Name: John Enyart Title: President

IN WITNESS WHEREOF, the Issuer, the Servicer, the Trustee and the Backup Servicer have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

CONCORD FUNDING COMPANY, L.L.C., as Issuer	MONEX CREDIT COMPANY, as Servicer
By: CONCORD MANAGER CORPORATION (f.k.a. Concord Management Corporation), its Member-Manager	By: METCO MANAGEMENT CORPORATION, General Partner
By: Printed Name: Michael A. Carabini Title: President	By: Printed Name: Title:
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., successor in interest to BNY Midwest Trust Company, as Trustee	PORTFOLIO FINANCIAL SERVICING COMPANY, as Backup Servicer
By:	By:Printed Name: John Enyart Title: President

IN WITNESS WHEREOF, the Issuer, the Servicer, the Trustee and the Backup Servicer have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

CONCORD FUNDING COMPANY, L.L.C., as Issuer	MONEX CREDIT COMPANY, as Servicer
By: CONCORD MANAGER CORPORATION (f.k.a. Concord Management Corporation), its Member-Manager By: Printed Name: Michael A. Carabini Title: President	By: METCO MANAGEMENT CORPORATION, General Partner By: Printed Name: Michael A. Carabini Title: President
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., successor in interest to BNY Midwest Trust Company, as Trustee	PORTFOLIO FINANCIAL SERVICING COMPANY, as Backup Servicer
By: Printed Name: Robert Castle Title: Vice President	By: Printed Name: John Enyart Title: President

Ехнівіт А

[Reserved]

Ехнівіт В

[Reserved]

Ехнівіт С-1

Form of Daily Report

Concord Funding Company

[SEE ATTACHED]

EXHIBIT C-2

Form of Daily Metals Allocation Report Concord Funding Company [See Attached]

EXHIBIT D

Form of Settlement Statement

[See Attached]

Exhibit E

Form of Monthly Servicer's Certificate

CONCORD FUNDING COMPANY

The undersigned, a duly authorized representative of Monex Credit Company, a California limited partnership ("MCC"), as Servicer pursuant to the Amended and Restated Servicing Agreement dated as of April ___, 2012 (the "Servicing Agreement") by and among Concord Funding Company, L.L.C. (the "Issuer"), MCC, as Servicer and The Bank of New York Mellon Trust Company, as Trustee and Backup Servicer, does hereby certify that:

- (a) MCC is Servicer under the Servicing Agreement.
- (b) The undersigned is duly authorized pursuant to the Servicing Agreement to execute and deliver this Certificate to the Trustee.
 - (c) This Certificate is delivered pursuant to Section 3.05 of the Servicing Agreement.
- (d) A review of the activities of the Servicer during [the period from the Closing Date until] [the Monthly Period ended] _____, ____ was conducted under our supervision.
- (e) Based on such review, the Servicer has, to the best of our knowledge, fully performed all its obligations under the Servicing Agreement throughout such period and no default in the performance of such obligations has occurred or is continuing except as set forth in paragraph 6 below.
- (f) The following is a description of each default in the performance of the Servicer's obligations under the provisions of the Servicing Agreement known to us to have been made during such period which sets forth in detail (i) the nature of each such default, (ii) the action taken by the Servicer, if any, to remedy each such default, and (iii) the current status of each such default:

[If applicable, insert "None"]

	ITNESS WHEREOF, the undersigned	has duly executed this certificate this
lay of		
		Monex Credit Company, as Servicer
		Name:
		Title:

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Ехнівіт F

Trustee Verifications

CONCORD FUNDING COMPANY, LLC DAILY SERVICER REPORT

2011-1 Account Summary Report

Collections Account - Cash (335)		
Beginning Balance		0,00
Cash Collections		70,845.00
Recoveries		0.00
Sales of Metals		0.00
MDC Advances		0.00
Credit - Proceeds from Sale of 2011-1 Notes		0.00
Credit - Transfer from Principal Funding Account		0.00
Credit - Transfer from Required Amounts Account		0.00
Credit - Transfer from Equalization Account		0.00
Credit - Interest Income from Cash Accounts	•	0.00
Debit - Initial Purchasers Discount		0.00
Debit - Return of Dishonored Collections to Lockbox*		0.00
Debit - Transfer to Required Amounts Account(s)		0.00
Debit - Transfer to Equalization Account - Negative Principal Variance		-70,845.00
Debit - Transfer to Principal Funding Account		0.00
Debit - Release to MCC/MDC		0.00
Ending Balance		0.00
		0.00
Required Amounts Account (2011-1) 041		
Beginning Balance		967,142.39
Credit - Interest Income from Cash Accounts		0.00
Credit - Initial Funding		0.00
Credit - Transfer from Collections Account		0.00
Credit - Transfer from Equalization Account		0.00
Debit - Transfer to Collection Account		0.00
Debit - Payment of Note Interest		0.00
Debit Placement Fee		0,00
Debit - Payment of Servicing Fee		0.00
Debit – Acceptance Fee + Prorated B/U Servicer and Trustee Fees		0.00
Debit - Payment of Trustee and Backup Servicer Fee		0,00
Ending Balance		967,142.39
Equalization Account (991)		
Beginning Balance		1,612,031.87
Credit - Interest Income from Cash Accounts		0.00
Credit - Transfer from Collections Account - Negative Principal Variance		70,845.00
Credit - Transfer from Required Amounts Account - Interest Income from Cash Accounts		0.00
Debit - Transfer to Required Amounts Account - Positive Principal Variance		0.00
Debit - Transfer to Collection Account - Positive Principal Variance		0.00
Ending Balance - Cash		1,682,876.87
Maximum Collateral Value (from Inventory Report)		4,814,582.01
Ending Equalization Account Balance		6,497,458.88
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

CONCORD FUNDING COMPANY, LLC DAILY SERVICER REPORT

Adjusted Eligible Pool Balance Report

Beginning Pool Balance			83,195,903.86
+New Loans			221,307.25
- Cash Receipts			-57,045.72
-Metals Sold			-498,134.25
+ Accrued Interest			13,214.38
+NSF			0.00
- Loan Adjustments			-0.01
- Charge-Offs			0.00
+/- Other (Collections in Excess of Loans, MCC Interest Paid)			-30,742.86
Ending Pool Balance			82,844,502.65
Less Ineligible Loans:			
 Loans Without Loan and Security Agreements Assigned 			212,450.04
-Loans with No Titled Collateral			644,546.52
 Loans Secured by No Eligible Collateral 			0.00
-Non-U.S. Dollar Denominated Loans			0.00
-Customer Bankrupteles or Legal Cases			0.00
-Non-Interest Bearing Leans			0,00
tal Ineligible Loans			856,996.56
Eligible Pool Balance			81,987,506.09
Less Excess Concentrations:			
 Excess of Eligible Loans Exceeding 5% of Eligible Pool Balance + Max 			0.00
 Single Country Loans Outside U.S. and Canada Exceeding 5% of Eligib 	ile Pool Balance		0,00
- Foreign Loans (Not U.S. And Canada) Exceeding 10% of Eligible Pool	Balance		0.00
 Palladium Loans Exceeding 5% of the Eligible Pool Balance 		·	0,00
Total Excess Concentrations			0,00
Less Aggregate Volatility Adjustment (from Availability Report)			7,941,168.88
Less Aggregate volunity Adjustment (from Availability Report)			1,541,108.88
Adjusted Eligible Pool Balance			74.046.337.21
Adjusted ratificite root dandice			14,040,537.21

MONEX CREDIT COMPANY, Servicer By:

Metco Management Corporation

CONCORD FUNDING COMPANY, LLC DAILY SERVICER REPORT

Calculations Report

Daily Update	Current	Previous	Change
Market Value of Inventory (Inventory Report)	7,407,049.25	8,397,783.4	-990,734.15
Max Collateral Value (Inventory Report)	4,814,582.01	5,458,559.2	-643,977.22
Ending Pool Balance	82,844,502.65	83,082,626.1	-238,123.45
Eligible Pool Balance	81,987,506.09	82,025,048.3	37,542.29
Adjusted Eligible Pool Balance	74,046,337.21	73,650,216.0	4 396,121.17
Balance Sheet			
Assets			
Adjusted Eligible Pool Balance	74,046,337.21		
Equalization Account	6,497,458.88	-	
Γotal	80,543,796.09	80,720,807.1	-177,011.05
Liabilities	•		
Outstanding Note Balance	20,000,000.00		
Transferor Amount	60,543,796.09		-
Total	80,543,796.09	80,720,807.14	•
Daily Calculations			
Required Amount Deficiency	0.00		
Daily Prices			
Gold (London p.m. Fixing)	1,604.000	, }	
Palladium	584.250		
Platinum (Nymex Nearest-In Contract)	1,475.000		
Silver (London Fixing)	28.330		
Special Required Equity Level			
All Commodities	7.00%		
III Collination	7.0070		
Current Interest Charge Rate			
All Commodities	5.90%		
JBOR (reference rate effective previous payment period)	0.20722%		
nterest Shortfall	0.2072276		
AND THE THE CONTRACT AND A STATE OF THE STAT	0.00		
	Ounces in Custodial	Market Value of Ounces in Custodial	Market Value of Ounces in Custodial
Fold	Account from R228 62,139.096	Account 99,671,109.98	Account @ 65% 64,786,221.49
2010 Palladium	15,284.500	i	E/
		I .	11
Platinum	2,520.200	1	61
Silver	5,505,334,238		
Section to the Code	5,585,278.034	268,284,493.07	174,384,920.49
Equalization Account - Cash			
daily_servicer_reports.sxc			176,067,797.36

EXHIBIT G

Form of Annual Opinion of Counsel

The opinion set forth below, which is to be delivered pursuant to subsection (d) of Section 13.2 of the Servicing Agreement, may be subject to certain qualifications, assumptions, limitations and exceptions taken or made in the opinion of counsel delivered on the initial Closing Date with respect to similar matters.

No filing or other action, other than such filing or action described in such opinion, is necessary from the date of such opinion through _______ of the following year to continue the perfected status of the interest of the Trustee in the collateral described in the financing statements referred to in such opinion.

Ехнівіт Н

Form of Lockbox Agreement [See Attached]

Ехнівіт І

[Reserved]

WAS:184334.7

EXHIBIT J-1

Form of Agreed-Upon Procedures-Ongoing [SEE ATTACHED]

Ехнівіт Ј-2

Form of Metals Depository Review Report [SEE ATTACHED]

Ехнівіт К

List of Metals

Silver	Gold	Platinum
.999 Silver Bullion (1, 100, 1000 oz. & 1 Kilo)	.995 Gold Bullion (1, 10, 100, 400 oz. & 1 Kilo)	.9995 Platinum Bullion (1, 10, 50 oz. & 1 thru 6 Kilos)
US 90% Silver Coins (\$1000 Face Value)	Gold Canadian Maple Leaf Coins (one, 0.10, 0.25, 0.50 oz.)	Platinum Australian Koala Coins (one oz.)
US 40% Silver Clad Coins (\$1000 Face Value)	Gold Australian Nugget Coins (two, one, 0.10, 0.25, 0.50 oz.)	Platinum Canadian Maple Leaf Coins (one oz.)
Silver Canadian Maple Leaf Coin (one oz.)	Sold South African Krugerrand Coins (one, 0.10, 0.2354, 0.25, 0.50 oz.)	Isle of Man Platinum Nobles Coins (one, 0.50, 0.25, 0.10 oz.)
Silver American Eagle Coins (one oz.)	Gold Austrian Vienna Philharmonic Coins (one thousand, one, 0.10, 0.25, 0.50 oz.) Gold American Eagle Coins (one, 0.10, 0.25, 0.50 oz.)	Platinum American Eagle Coins (one, 0.10, 0.25, 0.50 oz.)
	Gold Canadian Mountie Coins (one, 0.10, 0.25, 0.50 oz.)	Palladium
	Pre-1934 US Gold Coins (\$2.50, \$5, \$10 and \$20 denomination)	.9995 Palladium Bullion (1, 10, 50 oz. & 1 thru 6 Kilos)
	Gold Austrian 100 Corona Coins (ten .9802 oz.)	Palladium Canadian Maple Leaf Coins (one oz.)
	Gold Mexican 50 Peso Coins (ten,1.2056 oz.)	Russian Ballerina Coins (one oz.)

In addition to the foregoing, any other silver, gold or platinum coins agreed to in writing by the Servicer and the Issuer; provided, however, the Servicer shall provide at least ten (10) Business Days prior written notice thereof to each Rating Agency and the Trustee of the intended inclusion of such coin in "Eligible Metals Collateral" or "Eligible Metals Inventory", as those terms are defined in Annex X to the Master Indenture.

WAS:184334.7

Eхнівіт L

[RESERVED]

Ехнівіт М

Form of Section 5.04 Demand Notice

	[6	date]
[Obligo	r name, address]	
	Your Loan, Security and Storage Agreemen and assigned to Concord Funding Company	nt entered into with Monex Credit Company y, L.L.C. (the "Agreement"), Account No
Dear Sir	:/Madam:	
assigneed outstand in according provision (including be receing repayment this notiful following loan and other out (with you Notwith immedia)	e of Monex Credit Company, and Concelling cash advance loan under the above-regardance with the demand feature in Sections at Section 19 of the Agreement, repaying interest accrued but unpaid thereon) is leved not later than 5 business days followent of same in full has not been received to e, your outstanding loan will be subject to get the date of this notice, by liquidation of a application of the proceeds of such liquidation amounts you may owe relating the previous sentences, your loss that the previous sentences are provided to the process of the previous sentences.	both Concord Funding Company, L.L.C. ord's further assignees, with respect to your ferenced Agreement, hereby notifies you that on 1 of the Agreement and the assignment of your outstanding cash advance loan hereby demanded in full. Such payment must wing the date of this notice. In addition, if within 10 business days following the date of a liquidation, on or after the 10th business day your precious metals collateral securing such dation to the repayment of your loan and any to the loan or liquidation under the Agreement idation proceeds after application to same), an and account collateral remain subject to ar equity falls below 50% of the minimum Agreement.
		Very truly yours,
		Monex Credit Company, as servicing agent for Concord Funding Company, L.L.C. and its assignees
		Name:
		Title:

Ехнівіт N

Form of Daily Hedge Account Report

[date]

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EXHIBIT 32

Case: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 319 of 345 PageID #:1149

Message

From: Michael Carabini [mcarabini@nscmail.com]

Sent: 10/21/2011 9:09:24 PM

To: Brian Jenkins [bjenkins@nscmail.com]

Subject: docs

Attachments: Borrowing Base Description.pdf; R028-T.PDF; R027-T.PDF; MCC Historical Loan Performance.ods

Monex Deposit Company - Monex Credit Company

MCC Loan Pool and MDC Inventory Borrowing Base

Edited: 10/21/11

Description of Borrowing Base

Introduction

The Monex Atlas Account provides storage and financing for each customer's self-directed precious metals account. Each customer must execute the Customer Account Agreement, ("CAA"), containing the "Loan, Security and Storage Agreement," which serves as chattel paper. Initial down payment on a transaction may be no less than 25%. The interest rate charged has been about 2.5 over prime and presently is 5.9%. Monex Deposit Company sells commodity to the customer, while Monex Credit Company originates and services the loan.

CUSTODIAN DEPOSITORY ACCOUNT

MDC Sells and Makes Delivery

Monex Deposit Company ("MDC") sells gold, silver, platinum and palladium in bullion and coin forms. Transactions are typically in units of 10 ounces for gold, platinum and palladium, and 100 and 1,000 ounces for silver. Monex may deliver customers' bullion and coins to either a bank or exchange-approved depository. Prior to delivery, a customer account is designated to a lender-specific loan pool and its corresponding collateral depository account.

Storage of Metal

Bullion and coins are stored for customers on a fungible basis at the depository, within the lender-specific depository account. Delaware Depository Service Company ("DDSC") acts as Custodian for the benefit of the customer, who gains title to the metal delivered to Depository. DDSC is one of the largest NYMEX/COMEX depositories. There are five such licensed depositories. The lender-specific depository account is governed by a three-party agreement, whereby lender has control and will authorize the release of commodity upon satisfactory borrowing advance conditions. Besides bullion bars and coins stored at DDSC, the account may hold NYMEX/COMEX warehouse receipts of metal stored at other exchange-approved depositories. Each licensed depository must provide NYMEX/COMEX with periodic audits of the metals held by an independent auditing firm, proof of insurance, and make their vaults available for inspection at any time without notice by a NYMEX/COMEX designee. Warehouse receipts identify each specific underlying bar by its inscribed serial number, weight and the refiner/assayer brand. DDSC holds warehouse receipts through an account at an FCM, such as Jefferies Bache or MF Global.

THE CUSTOMER LOAN

Loan Origination

Monex Credit Company ("MCC") provides financing to customers, who wish to purchase on credit. MDC receives the full purchase cost by receiving funds from the customer, plus the customer's loan advance from MCC. The loans are payable on demand and bear interest at variable rates determined by MCC. The metals purchased serve as collateral for the loans. MCC's lending decision is based entirely on the value of the metal, ignoring the credit quality of

the borrower. MCC lends up to 75% of the value of the metal upon loan origination. MCC increases initial requirements when metal prices increase rapidly to protect customers from the likelihood of collateral calls and forced liquidation resulting from an equally rapid decline.

Loan Monitoring

The initial payment of at least 25% is based on the purchase "ask" price. For the purpose of monitoring the loan, the metal is valued at bid price, which is generally 1 - 4% less. Equity is recalculated throughout the day to reflect current market value and activity in the account. The customer must maintain his equity above a minimum required 14% level. Should the customer's account equity fall below the minimum required level, MCC will issue a collateral call requiring the customer to raise the equity to the current initial required level. If the customer fails to meet the collateral call within the required time period, which is no more than 5 days, and as little as 24 hours, MCC will sell enough of the metals securing the loan to raise the account's equity above the initial required level.

MCC Foreclosure Efficiencies

Irrespective of a collateral call, if at any moment the customer's equity falls below half of the minimum 14% required level, which is the 7% foreclosure level, MCC sells, without customer notification, metal securing the loan to raise the equity above initial equity level. If all collateral is liquidated and the proceeds are insufficient to repay the loan, MCC will establish a reserve for the potential loan loss and take action to collect the remaining outstanding balance. Because of the efficient nature of the collateral, along with Monex loan monitoring system, loans losses have been miniscule. For example, the largest annual loss in the last decade was 2008 for \$20,516, which was just 0.011% of the average loans outstanding of \$187,308,113. Also, this loss is offset by MDC commission and spread revenue generated on the \$94 million in forced liquidations, which must have been well in excess of \$1 million. Monex "Auto-Force-Sell" application will do portfolio-wide batch foreclosures within a minute. Note that although there is no limit to the number of accounts that the computer system can execute, it is generally few because of the equity percent stratification of individual investor self-directed accounts.

Customer Monthly Statement and Loan Verification

At month-end, MCC mails each customer a monthly statement that details the activity in the account during the month and reflects the ending loan balance. Lenders have used this document to audit the loan balance figure as used for the borrowing base calculation.

BORROWING BASE

CAA Documents

The executed original Customer Account Agreement, titled "Purchase and Sale Agreement," and "Loan, Security and Storage Agreement," is used as chattel paper. Upon the customer's first transaction, the account is assigned to a lender-specific pool and once assigned the original CAA is delivered to the lender or its agent.

Custodial Reports

Each business day, a detailed report of customer collateral with its outstanding loan, along with a borrowing base calculation, is delivered to both the customer Custodian and the specific lender. The report listing each customer having title to metal is called the "CUSTOMER CUSTODIAL ACCOUNT POSITIONS" (R027). A summary of customer collateral and MDC inventory is

called the "CUSTODIAL ACCOUNT COMMODITY SUMMARY" (R028). [Samples are attached.] The summary shows the entire quantity of commodities held on account, less the quantity for which customers hold title, of which excess amounts are MDC inventories. On the R028 final page 3, the total \$98,045,888 borrowing base is comprised of \$25,018,635 from inventories and \$73,027,253 from loans. In their entirety, the total value of commodities in this account have a market value of \$205,579,848. One lender has required that their report include the following language:

All rights, title and interest to the above accounts and commodities are
hereby assigned to Farmers and Merchants Bank of Long Beach under
security agreements executed by the undersigned. All individual and
aggregate account balances, commodity quantities and values, and all
other information in this report is hereby certified to be true and correct.
MONEX CREDIT COMPANY
by:

Borrowing Base Calculation

The Total Borrowing Base is an amount from MDC inventories plus an amount from the pool of loans. The Borrowing Base calculation on MDC inventories is 80% of current market value. The Borrowing Base from loans is the sum of each loan's Borrowing Base amount calculated as the lesser of 100% of the outstanding loan, or 80% of the underlying collateral. However, if the executed CAA is not with the lender, it has zero borrowing base. In the event that the daily Total Borrowing Base figure is less than the amount advanced by lender, Monex is required to repay at least the difference by wire transfer that same business day.

Asset Pool Performance

As a reference, lender advance rates have ranged between 80% and 90% with the formula for loans always providing up to the 100% of receivable, but no more than the metal advance figure. In its 25-years of varied market and business conditions, Monex has never had an instance where an unsatisfactory borrowing base, relative to the amount advanced, has not been met with sameday wired funds. Furthermore, MCC is servicer for its affiliate Special Purpose Entity, where it sells loans at par as an ABS pool securitization. This S&P rated funding, has had a 70.5% AAA rated advance and 83.5% BBB level advance. The exceptional pool performance is because all loans are individual accounts that are independent cash-flowing receivables. Unlike other assetbacked loan pools, this asset pool can cash-flow in its entirety within 30 days, if need be. There is nothing quite like this money-like commodity backed loan pool.

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EXHIBIT 33

Case: 1:17-cv-06416 Document #: 8-3 Filed: 09/06/17 Page 324 of 345 PageID #:1154

Message				
From:	Brian Jenkins [bjenkins@monex.com]			
Sent:	10/27/2011 10:40:56 PM			
To:	Lawver, Matthew [Matthew.Lawver@gsslg.com]			
Subject:	bject: Re: GS NDA			
Attachments:	MCC Historical Loan Performance.pdf; Monex Description of Operations.pdf			
Matthew:				
Attached is o	ur Description of Operations. This is a nice overview of the entities and should give us something to talk			
about. I am a	evailable for a call tomorrow afternoon (PDT) or Monday between 10:00 am and 2:00 pm PDT.			
Brian				
Thanks Brian.				
If you could s	upply us with some background information (financial statements, forward projections, descriptions of			
customer bas	e and margin-A/R program), that would be a good starting point. Then I think we would like to set up a call			
to discuss wit	h you, maybe later tomorrow or Monday?			
	Jenkins [<u>mailto:bjenkins@monex.com]</u> ay, October 27, 2011 12:41 PM Matthew			
Subject: Re:				
Matthew:				
Attached is a	signed copy of your Non-Disclosure Agreement. The signed original will be FedEx'd priority to your			
attention tod	ay.			
Please let me	know how you would like to proceed.			
Brian				
As discussed.				
Matthew W. La	awver			
Director				
Specialty Lendi	ing Group			
Goldman Sach	s Specialty Lending Group			
6011 Connecti	on Drive			

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Irving, Texas 75039

Tel: 972-368-2538 | Fax: 972-368-2596 email: matthew.lawver@gsslg.com

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communication.

Brian D. Jenkins, CFA Chief Financial Officer Newport Service Corporation

bjenkins@monex.com

Office: (949)752-1400 ext. 6304

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communication.

--

Brian D. Jenkins, CFA Chief Financial Officer Newport Service Corporation

bjenkins@monex.com

Office: (949)752-1400 ext. 6304

MONEX CREDIT COMPANY LOAN LOSS EXPERIENCE

[Appendix A.]

		[A.]	[B.]	[C.]	[D.]
		Customer	Forced	Loan	Estimated
	Year	<u>Loan Balance</u>	<u>Liquidations</u>	Losses	Commissions
1	1987	87,647,500	23,299,251	14,602	291,241
2	1988	81,672,500	7,006,660	18,953	87,583
3	1989	75,384,600	8,166,390	1,352	102,080
4	1990	80,153,400	25,127,127	15,261	314,089
5	1991	55,201,000	7,569,478	9,505	94,618
6	1992	48,484,800	6,080,765	1,613	76,010
7	1993	41,170,600	8,584,061	246	107,301
8	1994	42,521,800	6,655,684	109	83,196
9	1995	42,316,200	6,237,469	902	77,968
10	1996	50,512,400	5,562,700	50	69,534
11	1997	45,026,600	39,104,218	8,335	488,803
12	1998	44,686,000	25,150,124	28,366	314,377
13	1999	73,035,800	6,467,368	56	80,842
14	2000	84,794,600	4,706,330	835	58,829
15	2001	49,863,000	6,212,240	111	77,653
16	2002	51,385,600	5,410,993	0	67,637
17	2003	62,127,000	4,228,687	0	52,859
18	2004	83,577,000	11,493,240	1,723	143,665
19	2005	101,703,114	1,802,341	0	22,529
20	2006	162,079,155	45,801,333	1,177	572,517
21	2007	164,759,970	12,385,697	0	154,821
22	2008	187,308,113	94,718,790	20,516	1,183,985
23	2009	103,429,482	528,004	(13)	6,600
24	2010	119,779,485	7,324,379	3,163	91,555
25	2011	174,439,489	134,041	0	<u>1,676</u>
	Total		369,757,369	126,862	4,621,967
	Annua	Average:	14,790,295	5,074	184,879

[[]A.] Monex Credit Company monthly average customer loan balances.

[[]B.] Total annual volume of forced liquidation transactions.

[[]C.] Total account deficits resulting from liquidations of customer collateral at MDC bid less commissions. (Loan Loss amounts exclude any offsetting revenues gained from spread and commissions)

[[]D.] Transactions charge "commission" revenues was estimated at 1.25%.

In summary, aggregate commission gains on foreclosures far exceed the miniscule loan losses.

MONEX CREDIT COMPANY LOAN DISTRIBUTION BY ACCOUNT EQUITY

Account	Customer	% of	Number of
Equity	Loan Balances	<u>Aggregate</u>	Accounts
6.00 - 11.99	7,007.32	0.00%	1
12.00 - 13.99	0.00	0.00%	-
14.00 - 17.99	259,627.92	0.11%	3
18.00 - 19.99	156,277.08	0.07%	6
20.00 - 21.99	123,863.98	0.05%	3
22.00 - 23.99	36,375.20	0.02%	2
24.00 - 25.99	694,775.43	0.31%	12
26.00 - 27.99	1,726,273.59	0.76%	28
28.00 - 29.99	2,494,188.12	1.10%	36
30.00 - 39.99	84,962,333.74	37.52%	717
40.00 - 49.99	62,615,494.67	27.65%	679
50.00 - 59.99	32,900,079.23	14.53%	476
60.00 - 69.99	23,104,170.84	10.20%	359
>= 70.00	17,382,128.54	7.68%	<u>1,076</u>
TOTALS	226,462,595.66	100.00%	3,398

[Appendix B.]

MONEX CREDIT COMPANY

[Appendix C.]

DISTRIBUTION BY CUSTOMER LOCATION

Customor	Cuetomor	% of	Number of
Customer Location	Customer <u>Loan Balances</u>		Accounts
California	44,040,053	Aggregate 19.17%	783
Texas	15,008,493	6.53%	308
Florida	13,213,645	5.75%	320
North Carolina	11,606,665	5.05%	107
Arizona	10,239,234	4.46%	106
New York	, ,	4.40%	214
New Jersey	9,682,391 8,884,256	3.87%	145
Ohio	7,257,698	3.16%	96
Illinois	7,088,810	3.10%	124
Pennsylvania	6,763,542	2.94%	137
Washington	6,347,520	2.76%	90
-	6,247,777	2.72%	67
Oregon Hawaii		2.60%	45
	5,973,856	2.54%	109
Michigan	5,836,180	2.45%	78
Maryland Nevada	5,631,803	2.45%	56
South Dakota	5,593,459		
	5,449,386	2.37%	8
Georgia	4,092,518	1.78%	88
Missouri	3,701,423	1.61%	58
Tennessee	3,492,541	1.52%	50
Colorado	3,491,690	1.52%	90
Canada	3,526,401	1.54%	43
Alabama	3,306,112	1.44%	55
Virginia	3,119,874	1.36%	114
Utah	2,857,307	1.24%	44
Kentucky	2,509,213	1.09%	26
Louisiana	2,129,300	0.93%	44
Wisconsin	1,955,849	0.85%	46
Massachusetts	1,923,586	0.84%	65
Wyoming	1,884,622	0.82%	11
South Carolina	1,739,881	0.76%	51
Idaho	1,675,974	0.73%	28
Kansas	1,638,423	0.71%	30
New Mexico	1,636,280	0.71%	35
Mississippi	1,591,983	0.69%	25
Indiana	1,514,586	0.66%	41
Alaska	1,500,328	0.65%	22
Iowa	1,173,975	0.51%	22
Arkansas	985,970	0.43%	20
Connecticut	959,282	0.42%	39
West Virginia	745,686	0.32%	19
North Dakota	529,434	0.23%	11
Maine	427,094	0.19%	12
Rhode Island	363,722	0.16%	11
Oklahoma	117,014	0.05%	20
Vermont	77,269	0.03%	9
Military	53,017	0.02%	1
Puerto Rico	32,588	0.01%	3
Minnesota	29,171	0.01%	13
Washington DC	9,598	0.00%	5
Delaware	5,977	0.00%	5
Mexico	5,621	0.00%	1
New Hampshire	5,064	0.00%	3
Montana	5,000	0.00%	5
Nebraska	<u>314</u>	0.00%	<u>4</u>
	229,678,453	100.00%	3962

Monex Deposit Company – Monex Credit Company

The Atlas Precious Metals Investment Account

Edited: 10/27/11

Description of Operations

Introduction

Louis Carabini entered the precious metals investment industry in 1967 in Long Beach, California, and became a pioneer in retail investment vehicles. The Monex name has been recognized as the industry leader for over 40 years. Now, in Newport Beach, three generations are actively working in different facets of the business. Several affiliated companies have been doing business in the Newport Beach Monex building since 1974. The Atlas program was initiated in 1985 to meet the need for a physical precious metals delivery program, which would be regulated according to state code. Monex Deposit Company and Monex Credit Company were formed as partnerships in 1987. Also, Newport Service Corporation was formed that same year to provide administrative and financial services to Monex affiliated companies. Presently, about 250 employees work for Monex affiliated companies.

MONEX DEPOSIT COMPANY – MDC

What MDC Buys and Sells

Monex Deposit Company ("MDC") buys and sells gold, silver, platinum and palladium in bullion and coin forms from and to customers in the retail market, and from and to dealers in the wholesale market. MDC makes a market in over 30 different precious metal products. The coins offered by MDC are bullion coins and not rare numismatic coins, and sell for a small premium over bullion bars. Customer transactions are typically in units of 10 ounces for gold, platinum and palladium, and 100 and 1,000 ounces for silver. MDC acts as a principal in all of its retail and wholesale transactions. Each retail customer has a designated Account Representative. Presently, there are 120 Monex Account Representatives. Purchases and sales transaction volume is over \$4 billion per year.

Customers

MDC receives its customers through its advertising on CNN, FOX, CNBC, the Internet and referrals. About a quarter of MDC's customers are from referrals. MDC does not do cold-call soliciting. Prospective customers contact Monex by telephone, by the hundreds each day. When a prospective customer contacts MDC, the person is assigned to one of MDC's Account Representatives through its automated call distribution system. Nearly all customers are U.S. residents spread across America. [See Appendix C] Generally, customers are high net worth individuals.

MDC Price Quotations

MDC quotes and publishes its retail prices, at which it will buy and sell throughout each trade day. Normal business hours are from 5:30 AM to 5:30 PM PST Monday through Friday. MDC's prices change often on all products throughout the day, and are electronically transmitted to MDC sales personnel and published live on the Internet. The "ask" price is the offer to sell price to customers and the "bid" is the offer to buy price. The differences between bid-ask is referred to as "the spread." Typically, spreads are around 3%, plus or minus 1.5%.

Trade Desk Confirmation

MDC customers execute orders on a three-party recorded conference line. The customer, his Monex Account Representative and an administrative trade desk clerk all confirm the order. Once confirmed, the order is processed and a written trade confirmation is mailed within 24 hours. In addition to market orders, customers may place limit and stop-limit orders on this same recorded trade desk line. All orders are posted to the on-line customer site every half hour, along with mark-to-market valuations and equity calculations.

Full Physical Delivery

MDC meets all its retail obligations by buying and selling physical metal, as needed, to assure timely delivery. MDC maintains large quantities of bullion and coin inventories at several depositories across the United States, which stand ready to be transferred to new purchasers. Customers may choose to take personal delivery or receive delivery and title through their Monex-designated Custodian. A Custodian is a bank or nationally recognized COMEX depository. When MDC notifies the Custodian that title of a specified quantity of precious metals has been transferred to a customer, MDC's obligation to that customer for that purchase is completed. Following notification, the Custodian sends the customer a Commodity Title Transfer Notice stating that they have such metal in their custody, and that they are holding it for the benefit of the customer. The customer retains title to the metal, until such time as he takes personal delivery, or sells his metal to MDC. All customer products at Custodians are stored on a fungible basis.

MDC's Competition

There are thousands of precious metal dealers and market-makers around the world. Most dealers in the U.S. are coin dealers specializing in numismatic items and provide only personal delivery. Monex is unique in having a sizable, long-running business specializing in physical precious metals for delivery or storage, and on a financed basis through its proprietary Atlas program.

MDC Trading Counterparts

MDC has long-standing relationships with many wholesale physical precious metals dealers, who are wholesale trading counterparts. MDC has a few commodity futures brokerage accounts, for the purpose of hedging and taking or making delivery of exchange warehouse receipts. Also, MDC is an official authorized distributor for two Government Mints, the Royal Canadian Mint and the Austrian Mint. Wholesale transactions, which are generally large in nature, are typically traded according to the London market "LBMA" fixing prices for each of the specific precious metals. However, on a minute-by-minute basis, wholesale and retail dealers adjust their prices based on transaction reporting from the NYMEX/COMEX futures markets.

MONEX CREDIT COMPANY – MCC

Financing a Purchase

Monex Credit Company ("MCC") provides financing to customers, who wish to purchase precious metals from MDC on credit. Historically, approximately 25% of MDC's customers have purchased metals using funds borrowed from MCC, pursuant to the Atlas loan agreement. Credit customers can always take immediate delivery of their product purchased by paying the balance owed on their loan. The loans are payable on demand and bear interest at variable rates determined by MCC, where rates are generally about 2.5% above prime. MCC also charges customers a monthly service fee of a few dollars per unit of commodity held at month-end.

Loan Collateral

The metals purchased serve as collateral for the loans. The metals securing all MCC loans are held in insured independent depositories. Customers have title to the collateral, while MCC maintains possession, control and its security interest. MCC currently lends up to 75% of the value of the metal upon loan origination. MCC increases the initial equity requirements, when metal prices increase rapidly, to protect customers from the likelihood of collateral calls and forced liquidation resulting from an equally rapid decline. Loan sizes vary from near zero to over \$1,000,000. Recently, customer borrowings have ranged up to \$250 million, while customer ownership amounts on account have ranged up to \$800 million.

Commodity Leasing

MCC also loans (leases) bullion. Customers who wish to be "short" the market, with the hope of gaining by a later decrease in price, can do so by borrowing a commodity from MCC and immediately selling it to MDC. Such borrowers can then wait and, hopefully, purchase the commodity later at a lower price and return it to MCC. However, if the price is higher when he purchases it, the borrower will suffer a loss. Borrowing commodities involves lease fees. Such fees are quoted as annualized percentage rates, and vary with each metal.

Commercial Loans and Leases

The Atlas program is designated as commercial, and non-consumer, by the State of California. In 1985, Monex obtained a formal opinion from the California Commissioner of Corporations that the financed purchase of precious metals on the terms offered by Monex involve commercial loans, and not consumer transactions. This is because a "consumer" is defined as an individual who acquires goods or services primarily for personal, family or household purposes, whereas Monex transactions are for investment purposes. The Atlas account cannot serve "personal, family or household purposes," when customers do not have physical possession, and the metal is held by an independent depository in fungible bulk form. Furthermore, JAMS, which has dispute jurisdiction according to the arbitration section of the Customer Account Agreement, has upheld the designation. They have determined and ruled: "that these kinds of contracts involving investment in metals or metals contracts are not considered the purchase and/or sale of goods or services that are personal in nature. Thus this matter is a non-consumer matter."

Loan Monitoring

When MCC finances metals purchase, the customer is required to make an initial payment of at least 25% of the purchase price. For the purpose of monitoring the loan, the metal is valued at

MDC's bid price, which is about a percent lower than wholesale. Account equity is recalculated throughout the day to reflect current market value of the metals, accrual of interest, the inflow or outflow of cash, and any changes in positions. The customer must maintain his equity above the minimum required level, which is currently 14%. Should the customer's account equity fall below the minimum required level, MCC will issue a collateral call requiring the customer to raise the equity to the current initial required level. If the customer fails to meet the collateral call within the required time period, which is no more than 5 days, MCC will sell enough of the metals securing the loan to raise the account's equity above the current initial required equity level. In periods of abnormally high volatility, MCC increases customer equity requirements. If metals prices are relatively volatile at the time of a collateral call, or the amount of the call is large, MCC may require the borrower to wire the call amount. MCC will not wait for collateral calls to be made, when the price continues to fall and breaches the foreclosure 7% equity level.

MCC Foreclosure Efficiencies

Irrespective of a collateral call, if the customer's equity ever falls below half of the minimum 14% required level, which is the 7% foreclosure level, MCC sells (without customer notification) metal securing the loan. The amount sold is typically the minimum amount necessary to raise the equity above the initial investment requirement. If all the account collateral is liquidated and the proceeds are insufficient to repay the loan, MCC will establish a reserve for the potential loan loss and take action to collect the remaining outstanding balance that it is owed. If the balance is not recovered within 30 days, the customer receivable is written off and a loan loss is incurred. Because of the efficient nature of the collateral, along with Monex loan monitoring diligence, loans losses have been miniscule. [See Appendix A] Monex uses an "Auto-Force-Sell" application, which does instant portfolio-wide batch foreclosures. This system, which does not use Account Representatives to execute liquidations, enables Monex to liquidate its portfolio pool-wide in seconds. Loan equity is monitored continuously and foreclosures are done instantly throughout the day. Note, that although there is no limit to the number that the computer system can execute, it is generally few because of the equity percent stratification of individual investor self-directed accounts. [See Attachment B] The system automatically books the liquidation orders to customer accounts based on metals sold, and applies the proceeds to the loan. Of course, disaster recovery is a critical component of projected reliability. Monex maintains its backup files in two off-site locations. Furthermore, as a fail-safe precaution, Monex has a realtime off-site dynamic "Hot" backup facility for equity management programs.

Customer Monthly Statement

At month-end, MCC mails each customer a monthly statement that details the activity in the account during the month, a status of the holdings in the account as of the last day of the month, the prevailing interest and lease rates, and a year-to-date summary. The activity section shows the quantities and prices of all purchases and sales during the month and all related charges and credits, such as commissions, service fees, lease fees and interest. The status section shows a "snapshot" of the account holdings and values. The interest and lease rate section shows the current rates and date and rate of any changes. The summary section shows the total interest, services fees and net realized gains and losses for the calendar year-to-date. In addition to the Monthly Statement, Monex mails an Annual Statement at year-end. Also, Monex customers can access their account information on-line in real-time, which is posted with mark-to-market equity calculations each half-hour.

ACCOUNTING AND FINANCIAL SERVICES – NSC

Administrative Services

Newport Service Corporation ("NSC") provides various administrative, accounting, financial, inventory control, data processing, marketing, publishing, and compliance support services to MDC, MCC and other affiliated companies. Officers are Michael Carabini, President, Gregory G. Walker, Vice President-Law and Brian Jenkins, CFO. [See Attached Management Bios]

ACCOUNT ADMINISTRATION

Documents

If a prospective customer is interested, they are sent a package of marketing material. Marketing fulfillment packages include, sales brochures, market reports, informational DVDs and financial books. Also, each package contains the Atlas Agreement, titled "Purchase and Sale Agreement," and "Loan, Security and Storage Agreement," which must be executed by the customer in order to open a storage or financed account. For the purpose of accounts receivable funding, the original Customer Account Agreement ("CAA"), as chattel paper, is designated to a specific lender. Upon the customer's first transaction, the account is assigned to a lender-specific pool and the customer loan is pledged to that financial institution. For a loan to be eligible for the borrowing base, the CAA must be delivered to that lending institution or its document custodian.

Written and Verbal Disclosures

Monex is extremely thorough in regards to investment legal disclosures. For example, the Purchase and Sale Agreement states the role of MDC as a principal, that investing in precious metals is of high risk, that one can lose more than one's investment, that MDC's prices may differ from prices quoted by other dealers and markets, and that Monex and it representatives act as principals and have an inherent conflict of interest. The Loan, Security and Storage Agreement further discloses the risks of borrowing for investment purposes, the interest rates and their application to the account, and the monthly service fees. Furthermore, before the customer is allowed to place his first credit purchase, he is read a verbal disclosure statement, which is recorded. The transcript of this verbal disclosure is included in the fulfillment package he receives. In summary, the recorded disclosure re-emphasizes some important issues of the Customer Agreement, such as, that they have read and understand the Atlas Customer Account Agreement, that their account is self-directed, that there is no guarantee of profit and they can lose money. In addition, the customer's written Confirmation reiterates many of the disclosures made in the Agreements and the recorded Verbal Disclosure. Though its disclosures could not be more extensive, Monex has included in their Agreements the ability of the customer to rescind their very first order within five days.

Account Representative Monitoring

Account Representatives are required to contact customers solely from their office phone and not from home, by cell phone, nor by e-mail. As such, Monex has a system whereby management can monitor conversation at any time without detection. Both MDC sales management and the NSC Compliance Department monitor calls on an ongoing basis to assure compliance with policies, accuracy and the Monex exceptional code of professionalism.

Large Account Monitoring

Large account holders are periodically called as a matter of company policy. Such calls are made by a manager or administrative person about every 4 to 6 months. The purpose is to determine the customer's satisfaction with the services of his or her Account Representative, the timely receipt and accuracy of trade confirmations and statements, and if there are any questions or other requests. Such conversations are recorded and reviewed by the company's Compliance Department.

Inventory Records

Metals collateral securing MCC's loans, and metals owned by MDC as inventories, are stored at insured depositories. A Monex-designated customer Custodian is either a bank or a COMEX-approved depository. The Custodian depository provides safekeeping for both the metals it holds and the metals at other depositories that are subject to NYMEX/COMEX warehouse receipts. Each business day, detailed reports are produced and delivered to each customer Custodian, and also the applicable borrowing base reports are delivered to each lending institution. All customer positions and MDC inventories are marked to the market at prevailing prices. Custodial reports, which are provided to those depositories, show every customer to whom has title to a quantity of metals held, its value, and the amount the customer owes MCC. In addition, a report shows a summary of the entire quantity of commodities held and the quantity for which customers hold title, of which excess amounts are MDC inventories.

Warehouse Receipt Storage

The NYMEX/COMEX is the CFTC federally regulated futures exchange. Historically, precious metals contracts made delivery of physical bullion through warehouse receipts as negotiable bearer instruments. Now, the warehouse receipts are more efficiently held without paper form through FCM futures brokerage accounts, regulated by the CFTC. About five depositories are approved by the exchange. As part of the exchange rules, these licensed depositories must provide periodic audits of the metals by independent auditors. This provides an extremely efficient mechanism for transferring the ownership of authenticated metals between commercial dealers, investors, fabricators and refiners. Warehouse receipts are held by Custodian depositories as commodity to pass title to customers, within a lender-specific asset pool.

OTHER COMPANIES

Monex Affiliated Companies

Concord Funding Company, LLC, was established in 1995 as a bankruptcy-remote single purpose entity to achieve structured financing of an asset-backed securitization. MCC originated loans are sold at-par to Concord Funding. Concord has tended to average about \$100 million in outstanding structured funding, with remaining Atlas funding requirements achieved through traditional borrowing base driven variable funding facilities. Concord Funding's general manger is Concord Manager Corporation. MCC's general partner is Metco Management Corporation and MDC's general partner is Comco Management Corporation. Monaco Financial, LLC, was established in 1997 to specialize in certified numismatic collectibles.

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Message

From: Flannery, Chris [Christopher.J.Flannery@pjc.com]

Sent: 7/18/2011 6:30:24 PM

To: Brian Jenkins [bjenkins@monex.com]

Subject: RE: Monex/Concord

Brian – Give me a call when you can discuss the below.

Alfredo – Our answers are in green below. Please let us know if you have questions or if there is anything else you need. I will also give you a call shortly to discuss documents and schedule.

Chris

From: De Diego Arozamena, Alfredo [mailto:alfredo_dediegoarozamena@standardandpoors.com]

Sent: Thursday, July 14, 2011 5:23 PM

To: Flannery, Chris

Subject: RE: Monex/Concord

Chris,

Thank you for sending us the Intro Memo and the Daily Servicing Duties and Mechanics for Transition of Servicing Duties in the Event of a Servicer Default. We have read them and need to match our understanding of such duties against the transaction documents.

Additionally, in order to better understand the economics of the transaction and the risk that the liquidation of the underlying precious metals is insufficient to repay the notes issued against the market value of such collateral, please email me a detailed description of what happens when:

• One or several underlying margin loan breaches their covenanted overcollateralization levels, assuming the borrowers opt not to cure the breach.

There are two separate but related aspects to this situation. The first is how Monex Credit Corporation (MCC) manages the loans in its portfolio as a matter of basic business practice and the other is the treatment of loans owned by Concord Funding pursuant to the documents governing the Concord Notes. First, when a loan breaches the daily maintenance margin requirement set by MCC, MCC issues a margin call to that customer. If the customer does not post the required margin, MCC, pursuant to its policies and at its discretion, may liquidate the customer's position, pay off the customer's balance and remit the remainder to the customer. This is regardless of subsequent margin levels and is related solely to the fact that they customer failed to make margin. If however, at any time, before or after a margin call is issued and regardless of customer behavior, a loan breaches the forced-sell margin level, MCC liquidates the position immediately. Second, our borrowing base rules for the Concord indenture dictate that, on a daily basis, every loan owned by Concord that is eligible for borrowing base inclusion (e.g. properly titled, collateral held by our Depository, collateral is eligible, no breach of concentration limits, etc.) is credited at the lower of the outstanding loan balance and 83.5% of daily collateral market value. This 83.5% haircut level is S & P's BBB level for two day silver volatility risk. This is the operative level because we are issuing Notes down to the BBB level (and no lower in rating) and because silver has historically been the most volatile of the eligible metals (silver, gold, platinum, palladium) and we do not put any restrictions on what portion of the loan portfolio may be silver-backed. This haircutting is performed loan by loan every

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day and results in the daily adjusted eligible pool balance which is simply the sum of each haircutted eligible loan amount.

• The portfolio (as a whole) breaches –en masse- the covenanted overcollateralization level outlined in the transaction documents and Monex opts not to cure the breach.

If MCC does not cure the breach within one day, that constitutes a Servicer Default, the back-up servicer steps in the next day and proceeds to liquidate the entire portfolio of Concord assets pursuant to the process outlined in the Transition document.

We understand from your Intro Memo that your intent is not to change the transaction documents under which the 2006-1 notes were issued, and that the 2011-1 note issuance will co-exist with the 2006-1 notes (at least for some time period). In light of that, please let us know:

• What is the maximum time period that the 2011-1 notes can be expected to co-exist with the 2006-1 notes?

The 2006-1 Notes mature on October 15, 2011 and can be called at par at the option of the Issuer (Concord) any time beginning on September 15, 2011. So the 2011-1 and 2006-1 Notes will be outstanding for the short period of time between closing on the 2011-1 Notes and October 15 at the latest.

Under what conditions can the 2006-1 notes get repaid or redeemed?

See answer above. Before the par call starting on September 15, 2011, the 2006-1 Notes may not be redeemed other than via Early Amortization Event or Event of Default.

• How does Monex expect to manage the transaction to ensure that the subordination provisions of the different classes (and ratings) of notes is not violated if the 2006-1 notes are expected to be paid before the 2011-1 notes? For example, is it inconsistent to have subordinated 2006-1 notes get paid before senior 2011-1 notes get paid? If not, why not?

The 2006-1 and 2011-1 Notes (as well as the 2002-1, 2004-1 and 2005-1 Notes which have all matured) were or will be issued under and governed by the 2002 Master Indenture as well as the 2002 Servicing Agreement, Transfer and Sale Agreement and Optional Advance Agreement. These documents govern all series of Notes issued out of this indenture. All Notes issued thereunder are secured on a pari passu basis by all assets of Concord Funding Company and Concord is not allowed to incur any other form of debt. As long as there has not occurred an Early Amortization Event or Event of Default, all outstanding Notes are paid the interest due on them on each Interest Payment Date (the 15th or next business day of every month) from amounts held in the Required Amounts Account (the interest and fee reserve). This is regardless of seniority/subordination/class/series. This is because the Required Amounts Account has approximately three times the amount necessary to pay all interest on all Notes. If it did not, beginning with the day after the prior Interest Payment Date, and if not cured that day, it would have constituted an Early Amortization Event. With respect to principal pay off of maturing Notes, beginning on the Interest Payment Date immediately preceding the Maturity Date, MCC or if they do not, the back-up servicer, must go through the same set of steps outlined in section II of the Transition memo in order to generate enough cash to pay off all maturing Notes. Concord/MCC must also, each day, maintain enough in haircutted assets to secure all other Notes outstanding. Thus it is not inconsistent to fund a Principal Funding account for Series 2006-1 Notes, Senior, Mezzanine and Subordinate and then pay those Notes off while leaving 2011-1 Notes outstanding. This is because those 2011-1 Notes will be secured daily by a proper and sufficient amount of Concord assets above and beyond the cash held in the Principal Funding Account for the 2006-1 Notes.

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• What happens if there's a breach that leads to the of assets before the 2006-1 notes can be redeemed in full? How is the priority of payments expected to work?

In this case, all Concord assets are applied first on a pro-rata basis to all Senior Classes across each outstanding Series until all Seniors are retired, then to all Mezz. Classes, then to all Subs.

Will the 2011-1 notes be issued in the same proportion to the existing 2006-1 note balances?

We wish to issue a total of \$125MM in 2011-1 Notes of which \$107.5MM would be Class A Senior rated AAA, \$11.125MM Class M Mezzanine rated A and \$6.375MM Class B Subordinate rated BBB. These relative proportions are the same as for each of the prior series issued out of this 2002 Concord indenture.

• Will the 2011-1 notes earn the same interest rate as the 2006-1 notes?

The 2011-1 interest rates will be dictated by the market when we sell the Notes. They will almost certainly therefore be different (likely higher) than the rates on the 2006-1 Notes.

Are the 2011-1 notes expected to be issued at a premium or discount to par?

We expect all the 2011-1 Notes to be issued at par, as was the case for all prior series.

• What certainty will the Issuer and the investors in the 2011-1 notes have that the investors in the 2006-1 notes, the fund manager (Monex), the Trustee and/or any other creditor/service provider will not have any further claims against the Issuer for actions that took place before or after the issuance of the 2011-1 notes which could potentially put in jeopardy their claim or rights against the collateral – even if ultimately proven unsuccessful?

[I am going to ask Steele to weigh in here.]

Finally, please note S&P will not propose overcollateralization levels so the transaction is able to achieve any particular rating. Instead, we will assign the highest rating we feel comfortable with after considering, among other factors, the transaction's structure, the composition of the underlying assets, their trading and market volatility, the underlying loans' and the transaction's covenanted levels of overcollateralization and the exposure/notification periods.

Kind regards,

Alfredo

Alfredo De Diego Arozamena Senior Director - Structured Credit Group Standard & Poor's Tel. +1.212.438.2414 Cel. +1.646.238.7118 alfredo_dediegoarozamena@sandp.com

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From: Flannery, Chris [mailto:Christopher.J.Flannery@pjc.com]

Sent: Thursday, July 14, 2011 3:19 PM **To:** De Diego Arozamena, Alfredo **Subject:** Re: Monex/Concord

Alfredo - Any news or status updat woth regard to Monex/Concord?

Chris

From: De Diego Arozamena, Alfredo [mailto:alfredo_dediegoarozamena@standardandpoors.com]

Sent: Friday, July 08, 2011 11:07 AM

To: Flannery, Chris

Subject: RE: Monex/Concord

Hi Chris,

I have an internal meeting to discuss this scheduled for Wednesday afternoon next week (sorry for the delay – we have been extremely busy)... Can we touch base Wed after 4:30?

Thanks, Alfredo

From: Flannery, Chris [mailto:Christopher.J.Flannery@pjc.com]

Sent: Friday, July 08, 2011 11:32 AM **To:** De Diego Arozamena, Alfredo

Subject: Monex/Concord

Hi Alfredo – Anything to discuss on Monex yet? I think you had mentioned that you hoped to have some progress this week. Thanks,

Chris

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EXHIBIT 35

800 Nicollet Mall, J12NPF, Minneapolis, MN 55402 Tel: 612-303-2193 | Fax 612-303-6966 |

December 21, 2016

Michael Carabini Brian Jenkins Monex Credit Company Andrews Kurth LLP 4900 Birch Street Newport Beach, CA 92660-2188 Dallas, TX 75201

John Steele David Barbour 1717 Main Street, Suite 3700

Brian Lord lennifer McCourt David Ratner Citibank, N.A. Citibank Trust & Agency

Julie Meadors **Alvin Courts** BNY Mellon Trust Company, N.A. 2 N. LaSalle Street, Suite 1020 Chicago, Illinois 60602

17400 Brookhurst Street, Suite 207

Fountain Valley, CA 92708

Scala Funding Company, L.L.C. RE:

Series 2016-1

\$72,000,000 Senior Secured Term Notes, Class A (DTC Book Entry)

\$4,000,000 Mezzanine Secured Term Notes, Class M (DTC **Book Entry)**

\$10,000,000 Mezzanine Secured Term Notes, Class M (Physical)

\$14,000,000 Subordinate Secured Term Notes, Class B (DTC **Book Entry**)

Instructions for Closing on December 22, 2016

Sources & Uses of Funds

SOURCES:

<u>CLS</u> .	
Class A Note Proceeds	\$71,460,000.00
Class M Note Proceeds	3,970,000.00
Class B Note Proceeds	13,895,000.00
TOTAL SOURCES	\$89,325,000.00

USES:

Deposit to Equalization Cash Account\$88,091,489.88 Deposit to Required Amounts Account 1,211,010.12 Payment of Costs of Issuance 22,500.00 \$89,325,000.00 TOTAL USES

B. Closing Events

- 1. <u>Series 2016-1 Note Closing</u> First thing in morning on the dated and delivery date of December 22, 2016 for the Series 2016-1 Notes, Piper Jaffray as Initial Purchaser will wire \$89,325,000.00, the purchase price for the Notes, to the Trustee. Upon receipt of the purchase price for the Notes and satisfaction of all conditions to closing, the Trustee will execute a DTC closing with Piper Jaffray, the Initial Purchaser of the Notes. The Issuer will concurrently issue and retain Series 2016-1 Class M Secured Mezzanine Term Notes in physical form in the aggregate amount of \$10,000,000.00.
- 2. Flow of Funds at Closing Upon closing, the Trustee will:
 - a.) Deposit \$88,091,489.88 into the Equalization Cash Account.
 - b.) Deposit \$1,211,010.12 to the Required Amounts Account.
 - c.) At the direction of the Issuer, the Trustee will wire or transfer funds for the payment of fees as follows:

To the Trustee, the initial
Trustee Acceptance Fee \$5,000.00
To Richards, Layton & Finger, Trustee's Counsel
Fees and Expenses \$17,500.00

C. Instructions for the Refunding of the Concord Series 2012-2 Notes and Transfer of Assets to Scala

- Immediately upon closing on the Scala Notes, the Trustee will wire 1. \$84,000,000.00 from the Equalization Cash Account to BNY Mellon, the trustee for the Concord Notes. BNY Mellon will hold this wire in escrow until notification of release from the Trustee. notification will occur simultaneously with BNY Mellon's release of loans and metals inventory from the lien of the Concord trust estate. These funds will be deposited in the Concord Collection Account and then transferred to the Concord Principal Funding The Concord Equalization Cash Account will hold \$16,000,000 which amount will be transferred per Concord instruction to the Concord Principal Funding Account which will thus hold \$100,000,000.00. This, together with the payment of accrued interest in the amount of \$63,661.11 from the Concord Required Amounts Account, will allow payoff of the Concord Notes, termination of the Concord indenture and release of all loan and metals inventory assets back to Monex Credit Company and Monex Deposit Company, respectively.
- 2. Concurrently with the releases in 1. above, the metals inventory released by BNY Mellon from the Concord trust estate will be transferred to Monex Deposit Company which will redeem a like amount of preferred shares in Concord. Such metals inventory now

owned by Monex Deposit Company will be contributed instantaneously to Scala in return for preferred shares in Scala and will become Metals Inventory for the Notes .

- Concurrently with the activities in 1, and 2, above, the Concord loans released from the lien of the Concord indenture will be transferred to Monex Credit Company which will redeem a like amount of its preferred shares in Concord. Such loans will be transferred instantaneously to Scala and will become Loans for the Notes.
- Together with the remaining cash in the Scala Equalization Cash Account, the Loans and Metals Inventory transferred from Concord will create a positive Principal Variance within the Scala trust estate.
- BNY Mellon will redeem the Concord Series 2012-2 Notes in full and terminate the Concord indenture.
- BNY Mellon will release any amounts remaining in the Concord Equalization and Required Amounts Accounts to Concord per their direction.
- BNY Mellon will retain for one year \$250,000 already being held in a separate account containing Concord trustee indemnification funds.

D. Wiring Instructions

 Wiring instructions for Class A, Class M and Class B Note Proceeds to the Trustee:

Citibank NA	
ABA #: 0	Particular Control of the Control of
Structured Finance	Incoming Wire Account
ACCOUNT #: 1	7.00
Ref: Monex Collecti	on Cash Account #

 Wiring instructions for Scala Equalization Account amounts to BNY Mellon:

Bank of New York Mellon
ABA:
Account: 1
Reference: Julie Meadors Concord 2012-2

Wiring instructions for Trustee Acceptance Fee:

Citibank NA	
ABA #:	The second section of the second
Structured Finance	Incoming Wire Account

ACCOUNT #: Ref: Monex Collection Cash Account #

Wiring instructions for the Trustee's Counsel Fee:

M&T Bank, Rodney Square North, Wilmington, Delaware 19890
ABA No.
Account No.

If there are any questions regarding this memorandum, please contact me as soon as possible.

Sincerely,

Chris Flannery Managing Director

Piper Jaffray & Co. 612.303.2193

Acknowledged:

Brian Jenkins

Chief Financial Officer Monex Companies 949.752.1400

Acknowledged:

Julie Meadors

BNY Mellon Trust Company, N.A.

312.827.8578